AUTHORIZE APPROPRIATIONS FOR AMTRAK AND DOT'S FINAL ROUTE RECOMMENDATION

HEARINGS

BEFORE THE

SUBCOMMITTEE ON SURFACE TRANSPORTATION

OF THE

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION UNITED STATES SENATE

NINETY-SIXTH CONGRESS

FIRST SESSION

ON

NATIONAL RAILROAD PASSENGER CORPORATION'S FISCAL YEAR 1980 AUTHORIZATION AND THE DEPARTMENT OF TRANSPORTATION'S FINAL ROUTE RECOMMENDATION

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CONTENTS

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

HOWARD W. CANNON, Nevada, *Chairman*

WARREN G. MAGNUSON, Washington
RUSSELL B. LONG, Louisiana
ERNEST F. HOLLINGS, South Carolina
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HOWELL HEFLIN, Alabama

LARRY PRESSLER, South Dakota
JOHN C. DANFORTH, Missouri
HARRISON H. SCHMITT, New Mexico
NANCY LANDON KASSEBAUM, Kansas

ADDITIONAL ARTICLES, LETTERS, AND STATEMENTS

AUTHORIZE APPROPRIATIONS FOR AMTRAK AND DOT'S FINAL ROUTE RECOMMENDATION

MONDAY, MARCH 5, 1979

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
SUBCOMMITTEE ON SURFACE TRANSPORTATION,
Washington, D.C.

The subcommittee met at 10:30 a.m., in Room 235 of the Russell Senate Office Building, Hon. Russell B. Long (chairman of the subcommittee) presiding.

OPENING STATEMENT BY SENATOR LONG

Senator LONG. I will call this hearing to order a few minutes ahead of time, because I have a statement I would like to make and we might as well get that behind us and then hear from the witnesses.

In addition to our responsibilities for authorizing appropriations for Amtrak and general oversight of Amtrak operations, this subcommittee has the further responsibility this year to review and evaluate the Department of Transportation's (DOT) proposal for restructuring Amtrak's current route system.

Last year this subcommittee began the difficult process of critically evaluating Amtrak's performance record and reassessing both the costs and benefits of continuing to provide massive subsidies for Amtrak.

The result of that effort was enactment of the Amtrak Improvement Act of 1978 which directed the DOT to study Amtrak's route network and to recommend a new system that would restore logic and fiscal responsibility to Amtrak's operations.

In accordance with that legislation the Department published preliminary recommendations last May that provided a number of route alternatives for consideration.

Throughout last summer the Rail Services Planning Office conducted public hearings to gain additional information on a more efficient network for Amtrak. Together with its own continuing studies and the additional public data from the Rail Services Planning Office's hearings, the Department submitted its final route plan to Congress on February 1, 1979. Congress now has a period of 90 days in which to evaluate the merits of the new route plan.

In line with the new route plan, the Department is also requesting a 3-year authorization for Amtrak totaling $2.49 billion. The Department estimates that adoption of the new route plan will save the Federal Government over $1,390 million over the next 5 years. In addition, the Department is recommending several

amendments to the Rail Passenger Service Act and other related acts that are designed to resolve certain problems relating to Amtrak's operations.

The purpose of today's hearing is to continue the evaluation and analysis that began last year through consideration of the authorization request for fiscal year 1980 and the new recommended route structure.

Moreover, this hearing will afford the members of the subcommittee an opportunity to hear from many individuals and organizations that have an interest and concern for the role rail passenger service will continue to play in meeting the needs of the Nation's intercity traveling public.

It's my hope that somewhere within all the representations and comments we will hear today, there will be some sound suggestions on how Amtrak could work to reduce its spiraling costs and raise its revenues.

Before we begin, I would like to remind the witnesses that we have quite a few people to hear from today, and I would appreciate the cooperation of every witness in limiting his oral testimony to ten minutes, though I think we should permit the Secretary of Transportation to have 20 to summarize his prepared text.

The statements of all the witnesses, of course, will be printed in full in the record.

I have received word from Senator Larry Pressler that he will be unable to attend today's hearing due to a scheduling conflict. While Senator Pressler has sent his regrets, he has requested that several questions be submitted to the witnesses for the record.

We are very happy to have with us this morning, Senators who have introduced resolutions of disapproval, and who have a particular interest in this matter who would like to be heard.

I would like to recognize the Honorable Patrick J. Leahy, Senator from Vermont and also his colleague, the Honorable Robert S. Stafford, Senator from Vermont.

Senator SCHMITT. Mr. Chairman, would the Senators yield and allow me to make an opening statement on this matter?

Senator LONG. Be happy to.

OPENING STATEMENT BY SENATOR SCHMITT

Senator SCHMITT. Mr. Chairman, I believe, and I am fairly certain my two distinguished colleagues also believe, two principles relative to the railroads: First, rail passenger transportation is an essential component of a national rail transportation network for the use of the American public; second, modern technology and management techniques can provide this Nation with an economical high quality rail passenger system.

I think those two points are clearly what is now possible.

The question is, How do we provide for an expansion and improvement of rail passenger service? Not how do we terminate such services for all but a favored few?

As the sponsor of a resolution of disapproval of the DOT's actions, I am sorry that DOT made this confrontation necessary.

The proposed route restructuring is premature and should be preceded by a significant Amtrak effort to reduce its non-transportation-related costs.

I know of no one who would argue that if we deregulated rail transportation and started all over with the investments in plant and equipment already made and created a modern investor-owned corporation to run the rail passenger system, we would see a profit-making, low-cost, technically advanced, energy-efficient industry.

I for one believe that we should do this, even if it means a high initial cost of compensation for those rail employees that would no longer be necessary to run this modern system.

We have at least one model for the transition from Federal management to investor-owned management in the Communications Satellite Corporation—Comsat. Hopefully, witnesses on March 12 will be able to provide insight into this possibility for a rail passenger corporation and other real solutions to the problem addressed so inadequately by DOT.

It is not enough for the subcommittee simply to veto the DOT proposal and allow the status quo to continue. Instead, I would recommend that the subcommittee work over the coming months, after we have vetoed this action by DOT, to develop a rational, well-thought-out plan to reorganize Amtrak's management system which would reduce its existing operating expenses and increase revenues from greater passenger use.

In 1977, Amtrak presented a plan to this subcommittee that would have expanded the Amtrak network beyond the level Congress then thought reasonable. Now DOT has recommended major surgery on Amtrak that would jeopardize the continued existence of rail passenger services. Both of these approaches should be rejected as extreme.

Since DOT has failed to make any sense whatsoever in this matter, I think it is incumbent on this subcommittee to give firm direction of its own to DOT to find the proper balance for passenger rail services. To eliminate Amtrak routes all over the country before examining the alternatives is, I believe, needlessly crippling.

We must remember that once abandoned, rail passenger routes are not easily reestablished and rail beds deteriorate rapidly and can't be quickly restored. We must remember that at present some 84 percent of the American public lives within 50 miles of Amtrak services, but under the DOT proposal this would decline to 65 percent, and I am sure that subsequent proposals would be made to cause it to decline even further. We can hardly call it a national rail network, if it fails to serve over a third of the population of the country, particularly those in rural areas that desperately need efficient low cost mass transportation.

The proposal by DOT is irresponsible, Mr. Chairman. It is poor management. It ignores the reordering of transportation priorities that are necessary to respond to the energy crisis, to increased needs for mass transportation, particularly by rural residents of this country, and it should be rejected outright by this subcommittee, and I hope by the Congress.

Mr. Chairman, I would like to have my complete statement included in the record.

Senator Long. By all means.

[The statement follows:]

STATEMENT OF HON. HARRISON SCHMITT, U.S. SENATOR FROM NEW MEXICO

Mr. Chairman, I believe in two principles relative to the railroads: first, passenger rail transportation is an essential component of a national rail transportation network for the use of the American public; second, modern technology and modern management techniques can provide this nation with an economical high-quality passenger rail system.

The question is how to provide for an expansion and improvement of passenger rail service, not how to terminate such services for all except the favored few. As the sponsor of the resolution of disapproval, I am sorry DOT has made this confrontation necessary.

At a time when the use of our nation's energy resources has become a matter of critical national importance, it has been proposed that our potentially most energy-efficient form of passenger transportation be cut by some 43 percent. Because it can be electrified, rail is the only form of transportation that can be run without petroleum. But DOT has openly admitted that the possibility of an energy crisis was in no way factored into the proposal before the Congress.

Proponents of the Amtrak cuts point out that they would reduce existing ridership by 9 percent. What they don't point out is that the savings generated amounts to only 8 percent of Amtrak's budget in fiscal year 1980. This is the same false economy used to justify other reductions in Federal services to rural areas of the country.

This proposal also ignores what the route reductions do to potential ridership. The Amtrak system is in the process of being upgraded significantly with the purchase of new cars and the improvement of track. Ridership is expected to grow. These cuts drastically limit the capacity for future growth of Amtrak ridership, and, in fact, will in the long run reduce it. This move lays the foundation for future route reductions and opens the possibility for outright elimination of Amtrak in every area of the country save a heavily subsidized Northeast Corridor.

It is interesting to note that in preparing the cost projections for the Amtrak system, DOT has completely overlooked the massive infusions of taxpayer dollars into the Northeast Corridor. If these funds were attributed to the corridor rather than to Amtrak as a whole, then these lines would clearly be the most inefficient lines in the system. The $1.75 billion Northeast Corridor project was to be completed in 1981. Now the Administration tells us they will increase funding by 37 percent to $2.4 billion. So while the rest of the nation loses access to passenger train service to save money, the Northeast Corridor receives a $655 million increase in funding, another example of dubious economics.

It is unfortunate that DOT has failed to take into account these and other factors in their development of a proposed "optional" passenger rail network. It is apparent, however, that the route terminations in the final proposal announced on January 31, 1979, are significantly different than those originally evisioned by DOT. The first Amtrak proposal announced in May, 1978, was a far more moderate approach which would have maintained a reasonable level of passenger train service in America.

What happened to change DOT's perception of an "optional" system between May and January? The answer was provided by Charles Swinburn, Deputy Director of the Federal Railroad Administration, who stated recently that negotiations with the Office of Management and Budget resulted in a "compromise" that would allow for an Amtrak authorization of $552 million in fiscal year 1980. DOT then developed a new "optional" system within this ceiling. This arbitrary budgetary reorganization is hardly what the Congress had in mind when we directed DOT to prepare a recommendation, and this action raises questions as to who formulates national transportation policy: Congress or OMB?

Finally, I do not question the possible need for some restructuring of Amtrak routes. But we must recognize that only 31 percent of Amtrak's costs are related to passenger transportation. As the ICC noted in its report on Amtrak of March 15, 1978, "Surprisingly, the cost to Amtrak of actual passenger transportation (including train crews, station agents, and onboard personnel) represents only 31.4 percent of Amtrak expenses, or $266.3 million of $847.9 million * * *. We are concerned that the share of expenses attributable to transportation is so low * * * even reductions in service over unprofitable routes would have a minimal impact on Amtrak's operating deficit, as the burden caused by transportation expenses is minimal.

The proposed route restructuring is premature and should have been preceded by a significant Amtrak effort to reduce its non-transportation related costs. I know of no one who would argue that if we deregulated rail transportation and if we started all over with the investments in plant and equipment already made and created in

a modern investor-owned corporation to run the passenger rail system, we would see a profit making, low cost, technically advanced, energy-efficient industry. I, for one, believe we should do this even if it means a high initial cost of compensation for those rail employees that would no longer be necessary to run this modern system. We even have at least one model for the transition from Federal management to invester-owned management in COMSAT, the Communication Statellite Corporation. Hopefully, witnesses on March 12th will be able to provide insight into this possibility of a Passenger Rail Corporation and other real solutions to the problem addressed so inadequately by DOT.

It is not enough for the subcommittee simply to veto the DOT proposal and allow the status quo to continue. Instead, I would recommend that the subcommittee work over the coming months to develop a rational, well though-out plan to reorganize Amtrak's management system which would reduce its existing operating expenses and increase revenues from greater passenger use. In 1977 Amtrak presented a plan to this Subcommittee which would have expanded the Amtrak network beyond a level Congress then though reasonable. Now DOT has recommended major surgery on Amtrak that will jeopardize the continued existence of passenger rail. Both of these approaches should be rejected as extreme. Since DOT has failed to make any sense whatsoever, this subcommittee must give firm direction to DOT to find the proper balance.

To eliminate Amtrak routes all over the country before examining the alternatives is like amputating a patient's limb before a thorough diagnosis has been performed. The result may be needlessly crippling.

We must remember that, once abandoned, passenger rail routes are not easily re-established, and the rail bed deteriorates rapidly and cannot be quickly restored. We must remember that, at present, some 84 percent of the American public lives within 50 miles of Amtrak services, but under the DOT proposal, this would decline to 65 percent. We can hardly call it a national rail network if it fails to serve over a third of the people, desperately in need of efficient, low-cost mass transportation.

The proposal by DOT is irresponsible—it is poor management—it ignores the reordering of national transportation priorities that are necessary to respond to the energy crisis, and it should be rejected outright by this subcommittee and the Congress.

The Continuing Public Mandate To Improve Intercity Rail Passenger Travel—Final Report

(By Louis Harris and Associates, Inc.)

I. EXECUTIVE SUMMARY

Amtrak in perspective.—About one year after Amtrak's first day of operation, Louis Harris and Associates conducted a national survey on public attitudes toward intercity rail passenger service—its then-present condition, its potential, and the possible role of government in rebuilding passenger rail service. The 1972 study found:

A clear and decisive public mandate to revitalize inter-city passenger train travel, with a majority, 53 percent to 30 percent, believing that the federal government had a responsibility to improve long distance trains and an even larger majority—66 percent to 12 percent—feeling it was worth federal subsidies to continue to make inter-city train travel available.

An extensive list of complaints and grievances about a rail travel system in seeming disrepair, with 62 percent of Americans agreeing that "train travel is just not what it used to be."

An uncertain outlook for inter-city rail passenger demand, with 48 percent of the public expecting to travel less by train in the next few years than they do now, with only 15 percent expecting to travel more by train.

Less than 1 in 3 Americans—31 percent—were familiar with Amtrak, and, those persons split almost evenly in rating Amtak's performance at that early stage, 40 percent positive to 42 percent negative.

This less than enthusiastic evaluation of Amtrak's first year was coupled with the belief held by almost 2 out of 3 Americans—65 percent—that Amtrak "will be able to really improve the quality of passenger service between cities," while only 21 percent felt it "really wouldn't have much effect one way or another."

Amtrak today.—In February 1978, Amtrak again invited Louis Harris and Associates to conduct a national survey of public attitudes toward inter-city rail passenger travel and a public evaluation of the job Amtrak has done in attempting to revitalize the rail passenger system. The survey reveals that many Americans

remain critical of the quality and availability of rail passenger travel and that cars and airplanes remain the preferred mode of transportation on trips 100 miles or more one way:

A majority of Americans, 56 percent to 20 percent, still believe train service "is just not what it used to be," down slightly from 1972.

When asked which means of travel would be their first choice if they were taking a trip of 100 miles or more one way in the next few weeks, 56 percent of likely travelers choose cars, 28 percent airplanes, 8 percent buses and 6 percent trains. Only 9 percent of likely travelers living in selected train corridors say they would choose a passenger train as their first choice.

However, in several vital areas, Amtrak's prospects and public support look much more favorable today than they did six years ago.

Almost twice as many people—57 percent—are familiar with Amtrak today than in 1972, when only 31 percent indicated familiarity with Amtrak.

Amtrak's performance rating has jumped from 40 percent positive, 42 percent negative in 1972 to 55 percent positive, 38 percent negative in 1978 among those familiar with Amtrak.

Amtrak's rating among persons living along five specially sampled train corridors is significantly higher than in the nation as a whole. More than 3 out of 5 persons familiar with Amtrak—62 percent—in these train corridors give Amtrak a positive rating. In the highly traveled Washington to Boston corridor, a pilot corridor, Amtrak's job performance rating is an even more positive 67 percent to 29 percent negative.

One-third of Americans—33 percent—now expect to be traveling more by train in the next few years, while 23 percent expect to be doing less train travel. By contrast, in 1972 almost half of Americans—48 percent—expected to be traveling less by train in the next few years, and only 15 percent expected to travel more.

Americans are generally optimistic that passenger train travel is turning the corner and will get better in the next few years.

A majority of Americans—55 percent—believe train travel will get better in the next few years, while only 15 percent expect it to get worse. Moreover, of those Americans who are familiar with Amtrak, a majority—51 percent—say Amtrak has improved the quality of rail passenger service, while only 29 percent say Amtrak has not had much effect.

The 1978 survey continues to find a clear and decisive mandate to upgrade rail passenger travel and mass transportation generally while finding less support for highway construction. This continued mandate is caused in part by concern over possible future energy shortages.

An overwhelming majority of Americans—63 percent—say "providing comfortable trains that can cut travel time in half" is "very important," up from 56 percent in 1972. A majority of Americans—53 percent—want the federal government to spend more money to accomplish this goal.

An almost as large majority of Americans—60 percent—want improvements in the quality and availability of rail passenger travel for trips 100 miles or more one way—up from 54 percent in 1972. More than half—51 percent—want the federal government to spend more money toward this end.

The public's highest transportation priorities are improving auto safety, mentioned as very important by 83 percent, and providing modern mass transportation for commuters between central cities and suburbs, mentioned as very important by 69 percent. Improvement in inter-city train service follows next.

The public's enthusiasm about building new highways and express-ways has diminished from 1972. Half of Americans today—50 percent—say new highways are very important, compared to 63 percent in 1972. More importantly, only 34 percent want the government to spend more money than is now being spent for highway construction, while 39 percent say the government should spend about the same, and 12 percent say the government should spend less.

A major reason for increasing support for mass transportation is the nation's energy crunch. Americans, by 52 percent to 36 percent, believe the nation will face a real energy crisis in the next few years. Those who expect an energy shortage are more likely to support mass transportation and less likely to support highway construction than those who feel the energy problem is overstated. Only 54 percent of the public correctly choose trains (36 percent) or buses (18 percent) as the most energy-efficient forms of travel, while 19 percent say airplanes, and 12 percent say cars. Obviously, an intensive energy education program should be a national priority.

Senator LONG. Senator Cannon?

OPENING STATEMENT BY THE CHAIRMAN

The CHAIRMAN. Thank you, Mr. Chairman.

First, let me say to my colleague that it is very easy to talk profitability, but one can't talk profitability nor legislate profitability, if it isn't there.

Last year Congress passed, and the President signed into law, legislation that required for the first time a full review of Amtrak's performance record and reevaluation of Federal financial support for Amtrak.

The need for this type of reevaluation on the part of the administration and Congress was underscored by the ominous prospect that within 3 years Amtrak subsidy needs could exceed $1 billion for operating costs alone. The gap between Amtrak's revenues and costs had been steadily growing and the prospects for the future didn't look good. It was clear that the time had come for the Federal Government to take a close look at the costs and benefits of rail passenger service.

The Amtrak Improvement Act of 1978 directed the Department of Transportation to study the Amtrak route system and to recommend a new system that would eliminate those trains that were providing little or no public benefit for the amount of money spent.

In 1971, Amtrak's first year of operation, the annual subsidy was only $40 million.

While some will make the point that this seed money was insufficient for the job demanded, the fact remains that the subsidy has been steadily increasing each year to a point where in 1979 the operating subsidy alone amounts to $600 million.

Since the creation of Amtrak the Federal Government has contributed more than $2 billion in operating grants, $500 million in capital grants and $900 million in loan authority to Amtrak.

And what has been the net result of this investment?

The railroad industry has spent a considerable amount of money in catching up on its deferred maintenance on their right-of-way, new service contracts have been renegotiated with the contracting railroads, schedules have been patterned and yet the on-time performance of Amtrak trains is getting worse.

New equipment has been added to the system and yet the average speed of Amtrak trains is less now than it was 30 years ago.

And finally, with this investment and with the commitment to maintaining rail passenger service, the Federal Government is left with the hard fact that after 8 years of operations Amtrak is still carrying less than 1 percent of the traveling public.

Regrettably, in 1978 Amtrak showed a decrease in passengers, with ridership falling below 19 million passengers.

The point of this is to highlight the need for the Federal Government to continually monitor the performance of programs like Amtrak to assure that the American taxpayer is receiving benefits in some reasonable proportion to the level of Federal spending.

We must continue to evaluate the Federal investment in Amtrak in light of the realities of the marketplace.

We simply can't allow the present route system to drain the resources of the Federal Government nor can we wait another 8 years before we take a close look at Amtrak's performance.

The DOT has made a diligent effort to study individual performances and to recommend a new system that eliminates unnecessary and costly route miles.

The Department's plan eliminates 43 percent of the route miles, yet it maintains service to 91 percent of the present passengers.

The overall effect of this necessary reduction is to both cut costs and to allow Amtrak management to concentrate its efforts on a smaller system.

If costs can be contained, if the quality of service can be improved, and if revenues can be increased, the potential exists to improve upon the new route system.

But make no mistake about it, on its present course, if Amtrak's route structure is not reduced to a more manageable level, the alternative may well be the total elimination of the system.

That is a situation that I hope will not come to pass and a situation I believe can be avoided through a smaller and more logical route structure.

I thank you, Mr. Chairman.

Senator LONG. If there are any other Senators who wish to make a statement, I will be glad to recognize them.

Senator SCHMITT. Since the distinguished Senator from Nevada directed some of the comments to me, I would add my complete agreement with his diagnosis of the problems of the system.

But I would have to disagree if he says there can't be a nominal rail transportation system in this country. It's just that Amtrak is not that system. We have to find out what is that system.

Senator LONG. I hope we will save that debate until the hearings have been concluded. Both Senators had a prepared statement and I don't think that his statement was directed toward yours.

All right, now, we will be pleased to hear from Senators Leahy and Stafford.

However you gentlemen want to proceed.

Senator STAFFORD. We are almost always in agreement.

STATEMENT OF HON. PATRICK J. LEAHY, U.S. SENATOR FROM VERMONT

Senator LEAHY. Mr. Chairman, my senior colleague has given me the honor of going first. I appreciate that, and want to ask permission to put not only my full statement, but also certain addenda to it, and figures in the record.

My great concern for the impact the proposed cuts will have on rural areas has been eloquently expressed by Senator Schmitt already.

Senator LONG. Without objection, that is agreed.

Senator LEAHY. I would like to highlight a couple of points. We talked about Amtrak policy. We talked about a national rail transportation system.

But they are a policy and system that were supposed to be designed by the Congress and were supposed to represent national policy in the form of representation of the Government.

Congress, not the Executive, is responsible for creating national policy. Elected officials and not political appointees were entrusted with this task because we have a direct responsibility to the people of this Nation, our constituents.

This basic constitutional requirement has been ignored. In this case by OMB who directed DOT as to how much money they could spend and how, and as a result directly determined what kind of a system they were going to recommend.

The DOT plan represents an Executive power play designed to usurp the constitutional delegation and separation of power. Make no mistake, with DOT and OMB deciding how much they would spend on an Amtrak system, they were declaring national policy, not the Congress. In addition, once they decided which trains would run and which would not, they also decided how much Congress should spend on Amtrak next year.

They were clearly attempting to dictate a national transportation policy which would have a direct impact on our lives, and the lives of our children well into the next century.

Mr. Chairman, the DOT is foisting their proposal on our country at a time when the call for cutting the budget is popular and easy.

Certainly, budget cutting is something I agree with as a member of the Appropriations Committee. Cutting the budget, however politically expedient it might be at any time, is not always sensible.

DOT is taking advantage of this money conscious mood and using it as a smokescreen to cripple our national passenger rail system.

That is exactly what DOT is doing in this case.

If 43 percent of the lines are abandoned as proposed by the agency, those tracks are going to deteriorate rapidly and will become irreparable.

It will happen at a time when we are facing continuing fuel crises in this country.

Now, besides the folly in false economics and poor policy, I have to admit to a personal gripe with the DOT.

The DOT proposed Amtrak route structure calls for the termination of the only passenger rail system serving northern and central New England.

That train, the Montrealer, is Vermont's only passenger rail service.

Obviously, I have parochial interests in keeping my State's only train, but I believe the story of the Montrealer and how it was treated in the DOT study highlights general problems with the study and the inequitable way in which DOT treated those who rely on the Montrealer.

When he talked about cutting back the system last May, Secretary Adams stated publicly that the Montrealer and Southern Crescent were the last two trains left out of his recommended system.

In last May, the Montrealer was recommended for continuation. Following that, in conformance with congressional instructions, the Rail Services Planning Office of the ICC held public hearings on the proposed route system.

Again, pursuant to congressional intent, affected areas were allowed to be heard. There were no public hearings in Vermont. Neither I nor any other Federal or State official was notified or even consulted.

No attempt was made to either mitigate the train's expenses or determine its impact on—or popularity in the region—popularity

which is demonstrated by stacks of petitions like the one I hold here from Vermonters all over our State.

We had no idea the Montrealer was in jeopardy until a few days before the Secretary announced the system he has recommended to Congess.

The Montrealer was one of if not the last train, left out of the system. It's a darn good train.

Based on the technical criteria used by DOT, the Montrealer is superior to many trains they are leaving in.

The incremental direct operating costs of the Montrealer north of Springfield—they intend to go to Springfield—were equal to or less than the incremental revenues.

That is comparing direct out-of-pocket costs with revenues the train actually could be operated at a surplus beyond to point where it will now be stopped.

It's thriving. In the face of the overwhelming evidence, I am outraged, I really am, by DOT's proposal to abandon this service.

The excellent cost performance, as our figures will show, was achieved despite excessive costs of operating the train in Canada.

To add insult to injury, DOT recommended terminating the Montrealer without benefit of public hearings or an opportunity for the train's supporters to present evidence.

It's too late for DOT to correct its error. We met with Secretary Adams last week. It's quite possible their figures are so much in error that had we had a chance to even tell our side of the story, we could have gotten them to make a different decision.

We probably could have kept the Montrealer in. But now it's too late.

And they apologized. They say that since no hearings or notice were provided for the Montrealer, that if their figures turn out to be wrong, their Department might apologize.

Well, I don't want an apology. I want our Montrealer left in.

I would also like to share with the committee a letter sent to DOT this morning signed by 11 of the 12 New England senators calling upon DOT to supply their figures, and a detailed justification of their proposal to discontinue the Montrealer.

Mr. Chairman, I have a lot more that I would like to go into but having sat at enough of these hearings, I know how long this might go on.

But I just want to emphasize that our figures are far more favorable to the Montrealer than DOT's. Had DOT even had the common decency of allowing us to present those figures at the time they were making their decision, we might have changed this decision.

I hope that the committee will have a chance to observe all the facts in this case. I yield to my senior colleague.

[The statement follows:]

STATEMENT OF HON. PATRICK J. LEAHY, U.S. SENATOR FROM VERMONT

Mr. Chairman and members of the committee, I appreciate this opportunity to appear before you on what I consider one of the most crucial issues before the Congress today, Congress' deliberations on this year's Amtrak's authorization bill and our decision to accept or reject DOT's proposed basic route structure for Amtrak will determine what role rail passenger service will play in meeting this

country's inter city transportation needs not only for next year, but for the next decade and indeed the next generation.

I believe that rail passenger service will prove to be one of the key components of this country's transportation system in the near future. It can be the efficient, economical and dependable service which will attract and retain users. It is the most energy efficient mode of transportation available. The daily changes of our present makes it impossible to adequately predict the future, but from what we do know and what we can assume, rail passenger service can be a winner. It isn't now and it is not my intention to pretend otherwise. Amtrak has not accomplished all that was hoped for when it was created in 1971. But then, a sincere commitment to rail passenger service has also not been supported either in the agencies or in Congress.

I do not want to defend wanton Federal spending or unnecessary $100 million programs. However, we cannot abrogate our responsibilities while we examine our expenditures. We cannot be so shortsighted as to fail to realize that the short-term solution of a lower Federal subsidy this year, might well be saddling our children's generation with much more serious, and expensive, transportation problems in the future.

The Amtrak subsidy must also be considered against the Federal subsidies other transportation modes receive. For example, we do not know how expensive an airplane ticket would be if it included the cost of FAA air controllers, the cost of operating the airports themselves, and the other Federal largess which is absolutely crucial to the air industry's survival, but is never listed as a budget line subsidy item. I understand that a report on these costs for all transportation modes is being prepared and should be available in about 1 month. I for one, will be most interested in reading that report and urge all my colleagues to do the same.

Last year the Congress instructed DOT to recommend "an optimal intercity railroad passenger system * * *". A procedure was developed for a preliminary report, public hearings and then a final recommendation. Nowwhere in these congressional deliberations was DOT told that the Congress wanted the system to meet a specific cost requirement. No dollars were discussed, no minimums, no maximums. The instruction was clear—DOT was to design the optimal system.

Somewhere alone the way things got confused.

Instead of responding to this congressional instruction, DOT, in cahoots with the Office of Management and Budget, arbitrarily selected a figure, $552 million in operating subsidy, and designed a national rail passenger system within that figure. This is not only unresponsive to the congressional request, it raises serious political and legal questions as well.

Congress, not the executive, is responsible for creating national policy. Elected officials, not anonymous bureaucrats or political appointees, were entrusted with this task, because we have a direct responsibility to the people of this nation, our constituents. This is a basic constitutional requirement. It is not to be ignored, bypassed, or forgotten.

However, this DOT plan represents an executive power play designed to usurp the constitutional delegation and separation of power. Make no mistake, when DOT and OMB decided how much they would spend on an Amtrak system, they were declaring national policy. In addition, once they decided which trains will run and which will not, not only have they decided how much we the Congress will spend on Amtrak next year, they are attempting to dictate a national transportation policy which will have a direct impact on our lives and the lives of our children well into the next century.

By reducing Amtrak by 43 percent, by allowing over 10,000 miles of usable track to quickly deteriorate to a stage where future use becomes economically prohibitive, by raiding Amtrak's capital account for nearly $100 million to cover labor protection costs, and by making false and empty promises to have new lines ready to replace the existing lines they have decided to terminate, DOT is attempting one of the biggest political fast shuffles I have witnessed in years.

The transportation needs of our country, although not a politically exciting project, is crucial to shaping the future. Although we know it works sort-of-sometimes, rail passenger service has never been truly tested. Every other developed country has made a commitment in time, money, and priority which puts our efforts to shame. It is clear that DOT's proposal, if it is accepted by the Congress, will eliminate rail passenger service as a major component in meeting our present and future transportation needs. That is a big decision. And I believe it is one too big for DOT to make through administrative fiat.

When Congress instructed DOT to recommend the optimal railroad passenger system, we asked that the route structure be based upon current and future market

and population requirements. In addition, the Secretary of DOT was told to consider—

First, any unique characteristics and advantages of rail service as compared to other modes of transportation;

Second, the role that rail passenger service can play in helping meet the nation's transportation needs while furthering national energy conservation efforts;

Third, the relationship of benefits of given services to the cost of providing such services, computing the costs in loss or profit per passenger mile rather than total loss or profit per route;

Fourth, the transportation needs of areas lacking adequate alternative forms of transportation; and

Fifth, frequent alternatives and the impact of such alternatives on ridership, revenues, and expenses of rail passenger service.

I have read the DOT preliminary report. I have read the contradictory final report. I do not believe the agency has fulfilled the congressional mandate.

The Deparment of Transportation is foisting this proposal on our country at a time when the call for cutting the budget is popular and easy. Cutting the budget is politically expedient, but not always sensible. DOT is taking advantage of this money-conscious mood and using it as a smokescreen to crippple our national passenger rail system.

By now we are also acutely aware of our responsibility to cut the budget, because our constituents demand lower taxes and inflation is fueled by government spending. Passenger rail systems are an easy target, but will we save money in the long run if we show a quick reduction in costs now?

I would like to elaborate on three points of economy with regard to the transportation study of Amtrak.

If 43 percent of the lines are abandoned as proposed by the agency, those tracks will deteriorate rapidly and become irreparable.

The Department of Transportation recommends that a number of new lines be added, and estimates of contract costs paided to private railroads for this run as high as $100 million, and yet DOT has allocated only $10 million.

Labor contracts for existing lines set for nonrenewal contain labor protection clauses which will cost an estimated $69 million out of Amtrak capital expenditures next year alone and may total nearly $100 million within 4 years.

Besides the folly in false economics and poor policy, I have to admit to a personal gripe with the Transportation Department. The DOT proposed Amtrak route structure calls for the termination of the only passenger rail system to northern and central New England. That train, the Montrealer, is Vermont's only passenger rail line.

While I have obvious parochial interests in keeping my State's only train I believe the story of the Montrealer and how it was treated in the DOT study highlights general problems with the study in adddition to less than equitable treatment for those people who rely on the Montrealer.

Secretary Adams has stated publicly that the Montrealer and the Southern Cresant were the last two trains left out of the recommended system. In fact, in the Deparment's preliminary report last May, the Montrealer was recommended for continuation. Subsequent to that May Report and in conformance with congressional instructions, the Rail Service Planning Office of the ICC held public hearings on the proposed route system. Again, pursuant to Congressional intent, affected areas were allowed to be heard. There were no public hearings in Vermont. Neither I nor any other federal or state official was notified or consulted. No attempt was made to either mitigate the train's expenses or determine its impact and popularity in the region.

We had no idea that the Montrealer was in jeopardy until a few days before the Secretary announced his plan at a press conference and submitted it to the Congress thus triggering the approval period and freezing the plan from any modifications. The Montrealer was one of if not the last train left out of the system because it's a darn good train. In fact, based on many of the technical criteria DOT used to rate trains, the Montrealer is superior to many of the trains DOT recommended for continuation.

If the train was such a good performer I began to wonder why DOT wanted to scrap it.

My investigations turned up a startling fact—DOT used a methodology for evaluating the Montrealer which was both inappropriate and inaccurate.

What DOT has proposed in the final plan is the elimination of the Montrealer service north of Springfield, Massachusetts. What they evaluated in their study was the costs and benefits of eliminating the entire route.

Based on this faulty methodology, DOT could not possibly have had any conception of the cost impacts of their proposed action.

Lacking this essential information, my staff conducted extensive research, and their findings produced revealing results which I will only mention briefly here.

The fact is that in fiscal year 1978, the incremental direct operating costs of the Montrealer north of Springfield were equal to or less than the incremental revenues. That is, comparing direct out of pocket costs with revenues, the train may have operated at a surplus north of Springfield.

Furthermore, by continuing past Springfield, the loss per passenger mile of the entire route was more than cut in half. If the train had actually stopped in Springfield, as DOT now proposes, the loss per passenger mile for the route would have soared from 15 cents, to an out outrageous 34 cents per passenger mile.

I could go on and on with similar statistics. But the point is that DOT made no attempt to break out the costs and revenues north and south of Springfield, and as a result, they proposed the elimination of service along the most profitable Montrealer's route. I would like to submit the Montrealer performance charts for the record.

Revenue alone was up 27 percent north of Springfield in 1978, and it was up another 21 percent already in the first two months of fiscal year 1979. The fact is that ridership north of Springfield is growing faster than on any route in the entire Amtrak system.

In the face of overwhelming evidence that the Montrealer is thriving north of Springfield, I was and an outraged by DOT's proposal to abandon this service. What is more, the excellent cost performance I briefly summarized was achieved despite the excessive costs of operating the train in Canada, and without accounting for the positive impact of continued ridership and revenue gains.

To add insult to injury, DOT recommended terminating the Montrealer without benefit of public hearings or an opportunity for the trains supporters to present evidence on its need and use. DOT also failed to make any effort to analyze the Montrealer's expenses to determine if the train's performance could be improved. This is especially significant when you consider, for example, the inflated Montreal terminal, Canadian customs and immigration, and Canadian National contracts. All are obviously bad deals which might have been renegotiated.

The analysis and effort I would have expected DOT to give the Montrealer is not out of line with some of the efforts DOT made to justify some of the trains recommended in the system. DOT has kept trains by projecting and assuming improved performance based on line consolidations and improving service with Amfleet and Superliner cars.

In effect, they have weighed assumption and conjecture against the Montrealer's demonstrated performance, and have ruled in favor of conjecture.

This entire situation has disturbed me and my fellow Vermonters. I met with Secretary Adams last week and after that meeting I remained disturbed. My staff met with DOT personnel to go over the Montrealer figures for over three hours last Friday and after that meeting I still remain disturbed. The Montrealer got a bad deal from DOT. New England and Vermont got a bad deal. I remain disturbed.

It is too late, of course, for DOT to correct its error. At my meeting with Secretary Adams last week one DOT official suggested that since no hearings or notice was provided for the Montrealer and if DOT's figures turned out to be wrong, the Department might apologize. Well I for one don't want DOT's apology—I want the Montrealer.

Therefore I urge this committee to include specific authorization provisions which will expand the proposed Amtrak route structure to include proven winners such as the Montrealer. I know this committee wishes to avoid the potential "christmas tree" problem of adding specific trains to the system because of political pleas or pressure. I share your concern, but I believe there is a way to improve on DOT's recommended structure and not open a Pandora's Box. Add trains based on their performance records. Authorize the funds to be available on a priority basis and insure that it is a substantive standard of performance which determines which trains will be added.

Please do not allow DOT's truncate system to close down viable railroad lines this year when all the evidence points to our need for them in the future.

I would also like to share with the committee a letter which was sent to DOT this morning. This letter, signed by 10 of the 12 New England Senators, calls upon DOT to supply the figures and detailed justification which went into their decision to propose terminating the Montrealer.

Vermonters fought hard to get the Montrealer running in 1972. We fought hard in 1975 when an effort was initiated to cut the line. We have shown the train is a winner. We have shown it has the support and use necessary to justify its expenses.

DOT ignored everything favorable to the Montrealer. They denied our right to a public hearing. They juggled their own criteria to add trains less profitable than the Montrealer and then they presented their "deal" in a manner which they believe locks in their position. Well, I'm only a single Senator, but I intend to fight this one right down to the last bell.

Route Name - The Montrealer

Basic Route Data	Actual Montrealer FY 77	Actual Montrealer FY 78
Passenger	349,000	346,000
Passenger Miles	70,483,000	72,811,000
Revenue	$ 5,253,000	6,081,000
Avoidable Cost	$ 9,852,000	9,741,000
Fully allocated Cost	$18,405,000	17,447,000
Avoidable loss	$ 4,599,000	3,660,000
Fully Allocated Loss	$13,152,000	11,366,000
Revenue/PM	$ 0.0745	0.084
Avoidable Cost/PM	$ 0.1397	0.133
Avoidable Loss/PM	$ 0.0652	0.05
Avoidable Loss/Passengers	$ 13.17	10.57
PM/TM	144	148
Train Miles	620	670
Loss (Revenue-fully Allocated cost)/PM	$ .186	.156
Subsidy/Fully Allocated Cost	$ .71	.65

Route Name - The Montrealer

Basic Route Data	Actual Montrealer FY 77	Actual Montrealer FY 78	2/Montrealer North of Springfield 1978 (estimate)
Passenger	349,000	346,000	117,000
Passenger Miles	70,483,000	72,811,000	48,528,000
Revenue	$ 5,253,000	6,081,000	3,900,000
Avoidable Cost	$ 9,852,000	9,741,000	*3,361,000
Fully allocated Cost	$18,405,000	17,447,000	6,919,560
Avoidable loss	$ 4,599,000	3,660,000	* -538,190
Fully Allocated Loss	$13,152,000	11,366,000	3,019,560
Revenue/PM	$ 0.0745	0.084	0.08
Avoidable Cost/PM	$ 0.1397	0.133	* 0.069
Avoidable Loss/PM	$ 0.0652	0.05	* -0.01
Avoidable Loss/Passengers	$ 13.17	10.57	* -4.60
PM/TM	144	148	215.13
Train Miles	620	670	309
Loss (Revenue-fully Allocated cost)/PM	$ .186	.156	0.06
Subsidy/Fully Allocated Cost	$ .71	.65	0.43

2/ Figures for Montrealer north of Springfield show the incremental direct costs and revenues resulting from running the Montrealer from Springfield, Massachusetts to Montreal, in 1978. *Avoidable costs include estimates of all direct expenses, including costs of operating in Canada, but do not include a share of the systems support or overhead costs.

Route Name - The Montrealer

Basic Route Data	Actual Montrealer FY 77	Actual Montrealer FY 78	3/Montrealer North of Springfield 1978, (estimate of avoid. costs)
Passenger	349,000	346,000	117,000
Passenger Miles	70,483,000	72,811,000	48,528,000
Revenue	$ 5,253,000	6,081,000	3,900,000
Avoidable Cost	$ 9,852,000	9,741,000	4,428,568
Fully allocated Cost	$18,405,000	17,447,000	6,919,560
Avoidable loss	$ 4,599,000	3,660,000	528,568
Fully Allocated Loss	$13,152,000	11,366,000	3,019,560
Revenue/PM	$ 0.0745	0.084	0.08
Avoidable Cost/PM	$ 0.1397	0.133	0.09
Avoidable Loss/PM	$ 0.0652	0.05	0.01
Avoidable Loss/Passengers	$ 13.17	10.57	4.51
PM/TM	144	148	215.13
Train Miles	620	670	309
Loss (Revenue-fully Allocated cost)/PM	$ .186	.156	0.06
Subsidy/Fully Allocated Cost	$ .71	.65	0.43

3/ These figures show the incremental costs of operating the Montrealer north of Springfield, Mass, in Fy 78. Avoidable costs include 30% of support or overhead associated with the operation of this stretch of track.

NOTE: The incremental figures north of Springfield are certainly among the best in the Amtrak system, but would certainly be better if 1) the Canadian costs were successfully renegotiated, and 2) the revenue figures for FY 79 were up 21%, as they were during October and November of FY 79.

U.S. SENATE,
COMMITTEE ON APPROPRIATIONS,
Washington, D.C., March 5, 1979.

Hon. BROCK ADAMS,
Secretary of Transportation,
Department of Transportation, Washington, D.C.

DEAR MR. SECRETARY: As Senators representing the New England region, we are greatly concerned with DOT's recommendation to eliminate Amtrak's Montrealer service.

You are no doubt aware of the tremendous popularity and high ridership of this train. To be honest, we see little justice in describing as "optimal," any route system which does not include the Montrealer.

If you had doubts about the viability of this route, or its importance to our region, we feel confident that New England's residents and businesses could have removed them had you given them an adequate opportunity to present their case.

Since we feel DOT's explanation of the proposed elimination of the Montrealer has to date been incomplete and inadequate, we would greatly appreciate your sending us a more detailed explanation of the policy decisions and cost considerations that led to DOT's decision to abandon this service. Specifically, we are interested in a detailed explanation of how DOT applied the relevant criteria, established in Section 4(a) of the Amtrak Improvement Act of 1978, to its evaluation of the Montrealer service.

In our view, an optimal rail passenger policy should encourage and improve, not abandon, those routes which have in the past demonstrated a strong potential for success.

Sincerely,

Patrick J. Leahy, William S. Cohen, John A. Durkin, Edward M. Kennedy, Claiborne Pell, Robert T. Stafford, Edmund S. Muskie, Paul E. Tsongas, Abraham Ribicoff, Lowell P. Weicker, Jr.

STATEMENT OF HON. ROBERT T. STAFFORD, U.S. SENATOR FROM VERMONT.

Senator STAFFORD. Thank you, Mr. Chairman and distinguished members of the subcommittee, for giving me this opportunity to join with Senator Leahy to testify in support of the pending resolution to reject the drastic reductions in rail passenger service proposed by the Department of Transportation.

My colleague from Vermont, Senator Leahy, has ably made the statistical and economic case for retention of Amtrak's Montrealer passenger train service into and through Vermont.

I want to associate myself fully, and I might say enthusiastically and emphatically, with Senator Leahy's testimony in this record.

It is ironic, I think, that Transportation Secretary Brock Adams has proposed to lop off 43 percent of the energy efficient rail passenger service operated by Amtrak at about the same time that Energy Secretary James Schlesinger is warning the Nation we may have to restrict the sale of gasoline because of events in foreign oil producing nations which are liable to make us petroleum short in this country.

So, as I understand it, at the root of Secretary Adams' proposal is an effort to save taxpayers $280 million a year over the next 5 years in Federal subsidies to Amtrak.

Now, $1.4 billion in saving over a 5-year period is a lot of money, especially to somebody from Vermont, but that figure surely pales in comparison, Mr. Chairman and members of the committee, with Federal subsidies to highway transportation, to say nothing of the cost of high-priced and, possibly, scarce gasoline used inefficiently in private automobile travel.

Apparently, we have quickly forgotten the lessons we learned during the oil embargo of 1973 and 1974. I can only hope that the events that have brought us together here today will serve to give us another chance, while we still have time, to learn those lessons anew.

Clearly, it is time to recognize we should not scrap our railroads, but, rather, that we should be doing all we can do to improve them and to encourage more Americans to ride them.

It is my view Congress made the right decision in 1970 when it created the National Railroad Passenger Corporation, known as Amtrak. Our only error had been that we haven't done enough to increase ridership and to reduce our Nation's energy consumption.

My old friend Brock Adams is a wise and good man and an able Secretary, but he is dead wrong, Mr. Chairman, in this instance. I don't know what prompted him to approve the report that would do so much violence to our national rail network.

It seems to this Senator that the Secretary is marching to the beat of a different drum than that when we served together in the House of Representatives.

Amtrak critics tell us that Americans simply won't ride trains, and that trains are transportation dinosaurs whose time has come and gone. I don't believe that, Mr. Chairman.

I believe that we can, indeed that we must, develop a rail passenger network that will be an important part of a balanced national transportation system. Almost everyone else in the world had been able to do that.

I know that trains that run with only a few passengers are not energy efficient. The answer is not to shut down the trains, but to improve their service to attract more Americans to ride them.

Actually, more Americans have been riding the trains recently. Traffic was up 7.5 percent in December of this year over December of 1977. That increase suggests that rail passenger service can attract more patrons if we direct our national will to that end.

Surely it would be in our national interest for the Federal Government to adopt policies and to make investments that, over the long haul, would encourage a shift from private automobile travel to travel by trains for trips between cities.

For, surely, if the time ever comes when events and forces beyond our control require that we have a working rail system, it will cost us, Mr. Chairman and members of the committee, a lot more than $280 million a year to replace a rail network that we have allowed to dissolve into rust.

Thank you, Mr. Chairman.

Senator LONG. Thank you very much.

Any questions, gentlemen?

Senator SCHMITT. I would congratulate our two colleagues for excellent statements. I couldn't agree with them more. We also were not consulted.

I think even if DOT is right, the courtesy of consultation might have been exercised.

However, they are not right. It is false economy in almost every respect, not only with respect to the Montrealer, but also the Southwest Limited and every other example I have studied. They are eliminating some of the most efficient routes in the whole

system in order somehow or another, to make the rest of the system more efficient. I don't understand that.

HUD tried it. It is doing it in their own activities. It seems to be a symptom of the Government.

I thank you for your statement.

Senator LEAHY. If I could take 30 seconds more, tomorrow, in Vermont, is town meeting day. The whole State will come to a halt and everyone will go to their individual towns. It is democratic government and at its finest. Participatory government at its best.

With that tradition, Vermonters are doubly incensed at this, that they never ever had a voice in the decision, never had a chance to even be heard on it. As long as that kind of policy takes place in government, it is absolutely wrong.

Senator LONG. Thank you for your statements, gentlemen.

Next, let me call Senator John Melcher. I believe the Senator will be expressing the views of both himself and his colleague, Senator Baucus.

STATEMENT OF HON. JOHN MELCHER, U.S. SENATOR FROM MONTANA

Senator MELCHER. That is right. My colleague, Senator Baucus, is in Montana and doing some of God's work in protecting some military installations out there.

I am happy to be here to testify on some more of God's work. I appreciate this opportunity to appear before this subcommittee upon which I had, until recently, the good fortune to serve.

Through my testimony this morning, I hope to provide some of my feelings which I would have otherwise provided as a committee member. I know this subcommittee has a full agenda. Therefore, I will be as brief as possible.

On February 27, 1979, the Senate Committee on Energy and Natural Resources, of which I am now a member, began a series of hearings on the current oil supply situation. These hearings were prompted by the recent curtailment of oil production in Iran. While the impact of the Iranian developments has thus far been cushioned by production increases of other countries and a drawdown of petroleum stocks in the United States, the Iranian curtailment nevertheless clearly illustrates the vulnerability of our Nation's passenger transportation system.

The simple fact is that our Nation is not energy independent. Because of our dependence on foreign oil sources and our inability or unwillingness to guarantee these sources, a major portion of this Nation's passenger transportation system could come to a rather abrupt halt. Obviously, those who cannot obtain or afford the fuel will need to seek out an alternative transportation mode, one of which would be Amtrak. This was certainly the case during the last oil embargo, when the Amtrak system had more customers that it served.

By this, I do not mean to say that I subscribe to the belief that Amtrak be continued simply as a backup transportation mode. To the contrary, I believe that Amtrak not only can, but will become an ever-increasingly viable and competitive passenger transportation mode.

Just what can and should be done to assure this viability?

One, instead of cutting out service totally to certain points, I think it would be advisable to keep much of the present route structure as is and revamp the Amtrak schedule.

For example, in Montana, under the Secretary's final report, the restructured system will continue the operation of the Empire Builder. The Secretary's option seems to have been to choose between the retention of either the North Coast Hiawatha or the Empire Builder.

The Empire Builder's retention vis-a-vis the North Coast Hiawatha was premised on the lack of alternative forms of transportation for persons served by the Empire Builder.

Additionally, the degree of isolation caused by weather amplified the Empire Builder's case. Both routes, however, serve as feeders to either Glacier National or Yellowstone Park. The Empire Builder was chosen despite the fact that the Hiawatha services the more highly populated portion of Montana and consequently generates more passengers.

I do not feel that the decision that was made should have been an either/or proposition between the State's two routes. By alternative scheduling of Amtrak trains on both routes, service could be sustained on each route and a larger system consequently preserved. By preserving the larger route structure, continued loyalty and reliance can be maintained by a greater number of people on Amtrak. If a sufficient number of these people have the discretion as to their arrival and departure, increased capacity utilization will surely result.

If a larger system can be maintained, such a system will more easily absorb or expand to serve a rapid increase in ridership caused by another gasoline shortage.

Two, I think most agree that Amtrak's own ticket pricing system needs to be reviewed and any problems corrected.

Three, strong congressional oversight is needed to insure that Amtrak provides an acceptable level of service as to encourage utilization of its services rather than generating the complaints now synonymous in congressional circles with the word Amtrak.

Four, market dynamics of the immediate fuel price increases that the country is to endure will encourage people to utilize mass transportation systems. While I have no chart to substantiate it, I nevertheless doubt whether anyone would dispute the fact that, of the rate of increases of future costs for operating the different modes of transportation, those for rail will surely be the lowest. Consequently, at some point in the future, the Amtrak system will simply have to be economically competitive.

Finally, we all have heard the arguments, pro and con, regarding the different subsidies provided the various transportation modes. I daresay with assurance, that the amount of subsidy provided Amtrak over its rather brief existence cannot compare to those funds provided its competitors. With perspective of a longer timeframe, it is easy to see that, compared to the other modes, Amtrak is still in its infancy.

The up-front money we are providing today is no different than the injections provided in the past to other modes. Therefore, I feel the committee should operate with its eye on the historical perspective.

I close, Mr. Chairman, with a request. I hope the committee will require of DOT and DOE an energy impact analysis as to the amount of gasoline expected to be needed to transport those who could no longer be afforded Amtrak service and would seek service elsewhere.

Second, it is my understanding from the briefing the DOT held for Senate staff, that the Amtrak structure in the final report does not embody the optimal Amtrak structure. I realize that the Secretary could hardly forward to Congress a final report which does not comply with the administration's budgetary limitations.

Nevertheless, I would think that it would be critical for the members of the committee to have the opportunity of analyzing the optimal route structure which might otherwise have been brought forward.

Finally, Mr. Chairman, I hope the subcommittee will send to the full committee the resolution of disapproval introduced by Senator Schmitt that I have cosponsored and that the full Senate be given the opportunity to work its will on this most important national policy decision.

Senator LONG. Thank you.

Any questions?

Senator MAGNUSON. Senator, in going all the way from Fargo, N. Dak., going through North Dakota and Montana, you hit Spokane, and the road divides there, too. I wonder if people realize the distances between the two routes in North Dakota and Montana. When the statement is made that they might shift some of these passengers that are on the Hiawatha to the Empire Builder, they are talking about shifting people 300 and 400 miles.

Senator MELCHER. That's right.

Senator MAGNUSON. When there is nothing in between.

Senator MELCHER. Nothing in between. The routes as they exist now have a spread between them of 300 and 400 miles.

Senator MAGNUSON. 300 and 400 miles in between—the two roads do go pretty much apart there.

Then the same thing is true in the State of Washington, where they come to Spokane and converge in Spokane, and then the Northern Pacific, Great Northern, then they move out the same way. You are talking about great distances between the two routes.

I don't see how the argument that cutting out the Hiawatha, which in your case—well, in our case it is the northern, in your case the southern—would encourage people to go 200, 300 miles to get on the Empire Builder. They are better off going straight, parallel, driving themselves to where they were going without going up to catch a train.

I don't buy that argument at all. I think the Empire Builder has to stand on its own feet; the Hiawatha, too. That is the way the railroads were built out there. It is still the best way to come from Chicago to the West Coast.

Senator MELCHER. The Hiawatha, that serves southern Montana—people in southern Montana can't be served by the Empire Builder. It is too far apart, as you said.

The same is true in North Dakota. The same is true as it reflects on northern Wyoming, which out of the Hiawatha does get some service.

Senator MAGNUSON. The same is true to a certain extent from Spokane to Seattle.

Senator MELCHER. Yes.

Senator DANFORTH. Senator Melcher, you suggested we examine other modes of transportation. With respect to comparing the relative subsidies that we give the other modes, what modes would you suggest we make a comparison with?

Senator MELCHER. The airlines, whose subsidy now is reduced—about $70 million last year. It keeps going down. Just envision what the up-front money was in years past for the airlines—in the 1950's in the 1940's—and compare it in those dollars as compared to 1979 dollars.

Senator DANFORTH. Anything other than airlines?

Senator MELCHER. From the railroad standpoint—I don't want to get in the middle of this argument—but from the railroad standpoint they feel that bus lines, through building the Interstate System, have been subsidized greatly.

Bus people say that isn't true; they pay their way.

And I just don't want to get in the middle of that argument. I know, from my own standpoint, I think we subsidize all public transportation. I think it is proper.

If the chairman of this subcommittee advanced again, as he did last year, the idea we do something about bus terminals, I am for it. I think some help along that line is good.

I just think it is in the Nation's interest to make sure you have all the forms of a transportation system.

Senator DANFORTH. Would you suggest we compare the relative subsidies for railroads, air transportation, bus transportation, and automobiles?

Senator MELCHER. Well, we citizens are like the bus companies. Those of us that drive automobiles, as most Americans, we think we pay our way. I don't know whether we do or not. I don't think that is necessarily significant.

But I do think you have to listen a bit to what the railroads say—that the buses, in their viewpoint, have been subsidized.

I don't want to argue one way or another whether they have, but you have to look at their side of it.

Senator DANFORTH. As we struggle to try to compare the relative subsidies, those are the modes of transportation that should be considered by us; right?

Senator MELCHER. Yes.

Senator DANFORTH. How should we make the comparison? It would have to be by passenger mile, wouldn't it—amount of subsidy per passenger mile?

Senator MELCHER. Yes.

Of course, in the case of airlines, where most of the subsidy was earlier, you are looking at not so many dollars at that time; but if you compare them now to what the value of the dollar is——

Senator DANFORTH. But we are concerned about next year's budget and the following year's budget, aren't we? It is too late to recapture what we have done in the past. What we have to consider, it would seem to me, is what we are obligating the Congress to do next year and the year after and the year after that on a per-

passenger-mile basis by way of railroads as one option, buses as another option, automobiles as another option.

Senator MELCHER. I would also draw to your attention that perhaps it is even more important to obtain from the Department of Transportation and the Department of Energy some background information they can project on what a gasoline shortage would mean in our transportation system, and whether or not Amtrak indeed, as I contend, does have a viable position there, and a very necessary one.

Senator DANFORTH. There again the relevant question, it would seem to me, would be energy consumption per passenger mile.

Senator MELCHER. Absolutely.

Senator DANFORTH. As comparing one route versus another on the routes that would be discontinued.

Senator MELCHER. Absolutely. I would point out to the committee a point I am sure you are aware of: With the lighter equipment and more modern equipment Amtrak is purchasing, we are probably looking at a smaller fuel consumption cost per mile of passenger service.

Senator DANFORTH. I think we are in agreement on methodology, but not on result.

The Chairman. First, let me say that I agree with your basic claim that we must maintain an essential transportation system considering all modes in this country today.

I think the question arises as to how far you go with the essential issue, and to what extent in reference to the cost to the American taxpayer.

I am wondering if the Montana delegation has asked the Department about a routing of the Empire Builder so it might cover the towns on the old Hiawatha route.

Senator MELCHER. I am suggesting that that be a consideration. That suggestion is going to DOT as well as to this committee.

The Chairman. Do you think that might be a possible alternative solution?

Senator MELCHER. It is a possible one. I really don't like alternate-day scheduling; but if it is an alternate or nothing choice, it is obvious that the alternate day scheduling is preferable to no service at all.

Senator MAGNUSON. Would the Senator yield?

I was going to suggest that to the Secretary in the State of Washington where you have the same thing. As I said before, they converge at Spokane, and then they move a little like they move out in Montana.

I am wondering how much thought was given to—if they will have just the one train—to alternating the routes north and south as they move back and forth.

The Chairman. If an amendment were added to section 403(b) of the Rail Passenger Service Act clarifying that two or more States could apply for funding of State-supported trains, would this help the situation in Montana?

Senator MELCHER. I am in favor of that as one possibility.

The CHAIRMAN. I know you were active on that issue last year.

Senator MELCHER. It would only help to the extent that one or more States would obligate the funding to pick up some of the losses.

But I think I am very much in favor of that option being available to States.

The Chairman. Thank you, Mr. Chairman.

Senator SCHMITT. Senator Melcher, we appreciate your statement.

Do you feel that we could, however, get diverted if we go into single-minded subsidy comparisons, particularly on a per-passenger-mile basis?

I ask that question because the three major forms of ground transportation—auto, bus, and rail—sort of feed each other in many respects, the auto being the shorter distance, bus the next, and rail being the longer distance form of transportation.

They do compete to a considerable degree, but they also support each other. We found, for example, in Albuquerque that the bus station and the train station now have been built together; they operate together, and the buses feed passengers into the rail system.

If we get into a per-passenger-mile comparison, we may get ourselves into some difficulty, particularly if we don't remember that there is a future need and potential for rail systems, and that need sometimes can't be forecast—whether it is higher gasoline prices or just a gasoline shortage, or whether it is a defense need, or what have you.

I think we are running a tremendous risk if we just focus on that subsidy comparison issue.

Senator MELCHER. I wouldn't want that to be the only factor. I think it is one of the factors that you have to relate to make a sound judgment.

My feeling is that, given the lighter equipment that will come along, that we will find an increasingly advantageous position for Amtrak in the future because of much higher fuel costs that we will be facing this year and the years to come.

Senator SCHMITT. I would also suggest that, in the area of air transportation, that this committee and the Congress have taken a major step toward further elimination—or at least future situations where the airlines bear a much greater cost, if not all the cost, of future improvements.

The deregulation bill has greatly increased the ability of the airlines to survive. Their profit margins are much higher now.

I think this is a direct consequence of deregulation. If we remember that we are trying to create a more economical transportation system in the country, one that provides much greater service, we shouldn't take any steps now that would eliminate the possibility that rail will feed into that same new transportation matrix, as well as air.

Senator MELCHER. We built the finest airline system in the world in this country. I think one of the reasons was that 30 years ago people in Congress weren't hesitant in recognizing the future of airlines and put a little cash into it as subsidy.

Some of that still exists in feeder routes, and it has been declining, I know, through the diligent efforts of this committee looking at it and insisting on a very close scrutiny for subsidies for flights.

But, nevertheless, this country moved into the finest airline service in the world with the use of subsidies to begin with.

Senator SCHMITT. Thank you.

Senator LONG. Let me touch on one other subject that is a sore spot.

Politicians don't like to get involved in it, but it's crucial, and it had a lot to do with this whole picture. One of the trains being discontinued here would be the Crescent Limited from here to New Orleans. Now, at the time the Southern Railroad asked to be relieved of the burden of providing that service, they made the point that they would like to operate that train with a lot less people and if permitted to do so, that that would drastically have reduced the loss.

In fact, they might have been willing to continue to operate it as a private operation without asking Amtrak to take it over.

Now that had no appeal to the labor people, I regret to say, so the idea is that we either continue it with a lot more people than Southern thought was necessary to operate that train or else discontinue it.

So the recommendation comes in to discontinue it.

Now, obviously, in comparison to other trains, if that reduced labor cost isn't available, that Crescent Limited wouldn't be continued.

It would have been a more cost-competitive train than some of those that are staying in the program.

Likewise, the whole system wouldn't be showing the loss it's showing, if you had the type of use of personnel that Southern Railroad would advocate for its operations applied to other railroads.

Now at some point it seems to me we ought to give some thought to this problem and face up to it.

Just how far do we want to go in discontinuing services or loading on the public the cost of a lot of personnel the railroad doesn't really think they need?

What is your reaction to that?

Senator MELCHER. Well, where I come from is a freight division point. In the negotiation years ago, it was not a division point for conductors or brakemen.

I don't know whether it was there all the time.

When I was there all the time we still had it as an engineers' division point. Somewhere along the line they negotiated out with the labor involved, the brakemen and conductors are for Seattle being a division point. This makes a great deal of difference.

They were running—instead of about 120 miles to a division point, as they were on freight—they were running about 230 miles or 230 to 240 miles in the run.

I know it's a very sensitive point, but I think it's still part and parcel of workers that worked first on freight and then eventually on passenger after they gain a great deal of seniority, because they generally preferred the passenger routes.

Senator LONG. Frankly, it's a touchy subject.

Senator MELCHER. It ought to be negotiated out.

Senator LONG. Senators don't like to talk about it. They like to talk about something else, because they don't like to find themselves at odds with the railroad unions. But I think our duty to the public requires us to lay it out on the record and think about it.

Just to raise the issue anyway and look at the problem, I would like to ask Mr. Boyd and the Secretary of Transportation to have some of their assistants go out and get them the information as to how many people Southern Railroad thought they needed to operate that train and how many crew changes—I forget the exact figures, but I think it should be made available for the record.

It ought to be considered with all the other problems.

One of the problems is that we have more personnel operating these trains than the railroads think they need.

Now at some point, especially when they get around to discontinuing the services, you ought to start thinking about, "Well, couldn't we perhaps continue some of these services, if we didn't have more personnel involved than the people who operate those railroads think is necessary?

Senator SCHMITT. Would the Chairman yield?

I think the Chairman, as he so often does, put his finger on the basic fundamental problem we are facing in this committee.

Senator LONG. It probably wouldn't get me any votes.

Senator SCHMITT. Nor me.

But as I have indicated, this is a critical issue. I would support route adjustments. There may be some you need to make even now.

But I can't support route adjustments until we have considered the fundamental issue that over two-thirds of the cost of railroads have nothing to do with the kind of costs to be saved by these route adjustments.

That is what the chairman is getting at. It has to do with the management and labor situation that has been imposed on Amtrak and that we, as a committee and as a Government, have got to do something about.

We need a rail transportation system in this country. I think we can have one if we are just willing to tackle the tough problem.

Senator LONG. What we are talking about here is one aspect of it.

Is it easier for those of us in Congress to vote to shut down the service than to vote to do something about featherbedding?

Senator SCHMITT. Mr. Chairman, if you want some data from ICC—and I will quote from their report—Amtrak, it says—

> Surprisingly, the cost of Amtrak of actual passenger transportation, including train crews, station agents, and onboard personnel represents a relatively modest percentage of total expenses. Transportation expenses for fiscal year 1977 total only 31 percent of Amtrak expenses.

It is this other additional cost outside of what is actually on the trains that is causing the problem.

Senator LONG. Thank you very much.

Senator MELCHER. Mr. Chairman, I might point out that the conductors and engineers and brakemen and car attendants on Amtrak might be a special case, because they have a pretty fast schedule, and it's a definite schedule, and it doesn't involve a lot of things you have to do in freight service.

But if it's going to be negotiated there has to be some willing negotiators.

That does involve the railroad companies on whose line Amtrak rolls.

Most railroad management that I am aware of is not very anxious for Amtrak—they feel quite relieved any time an Amtrak train is taken off their line, because they no longer have an experience, what they call an experience, with their freight.

We had a situation, I believe it was in Burlington Northern, where the Amtrak trains went into the siding to let the coal trains by.

The ICC stepped in and said that wasn't correct.

The passenger train still had the priority.

They shouldn't be shunted into the siding to let the coal freight by.

If we will have negotiations on this between labor and Amtrak management, it also will necessarily involve some willing negotiation, I think, with the individual railroad companies, because they still provide the labor for Amtrak.

Senator LONG. That gets us to another point I want to discuss with the other witnesses. Should not Amtrak be permitted to negotiate its wage contracts directly with labor rather than having the railroads do it?

Senator MELCHER. I think it would be extremely difficult, because of all the work rules that are involved, to have two different sets of—if you divide it too much, you will have different work rules involved, and it will get pretty fuzzy.

Senator LONG. We have a decision to make in Louisiana. Do we want to put up money at the State level, in order to try to continue that service?

The Secretary will testify, I believe, that if the State wants to put some money into it, they would be willing to continue the Crescent Limited.

If the State put money into it, I wouldn't advise the State to pay for all those crewmembers that presently roll on that train.

If you will pick up the tab for half the cost, it would be fair to ask labor to operate that train with the number of people Southern thought they should have all the time.

I wouldn't like to go to the State legislature and ask those people to put up more money than necessary.

You wouldn't want it before your State legislature, I don't believe.

Thank you very much for your statement.

Now, we will hear from Secretary Brock Adams.

STATEMENT OF HON. BROCK ADAMS, SECRETARY, DEPARTMENT OF TRANSPORTATION

Secretary ADAMS. Thank you, Mr. Chairman. I would like to request permission to enter my statement in full. I will summarize a great deal more of it than I ordinarily do because there have been a number of questions asked; but I want to state before I start my testimony that I think some of the facts that I state to the committee may be something that you have not heard.

If you put three people in a passenger car, it is more fuel efficient than the average train we are running. The bus is far more efficient.

I will discuss subsidies that are added here—and we pay 90 times the subsidy to railroad passengers than we do to any other surface mode. I will give you the specific figures and we can argue about the details of them.

But I think the important thing today is to talk about the large problem that is involved. I am here to support Amtrak. I believe we must have a national system. That is why I am trying to get a grid that will stay in place.

But only three-tenths of 1 percent of the intercity travelers in the United States ride on Amtrak. If there is an energy crisis in this country, Amtrak is not going to solve it. The buses won't solve it. The airlines won't solve it.

You will have to stop driving. Over 85 percent of the people going intercity still travel in their automobiles. I say that before I start my statement so that we can talk of the important problem we have here, which is to keep this system alive, with a management system in place, with a national grid that the taxpayers are willing to support—not any bigger than we have to—and that we prepare for the future, so that this system can grow naturally.

Senator LONG. Did I hear you say you have only three passengers per railroad car, that would be saving energy compared to——

Secretary Adams. Three per automobile. I will give you a breakdown, Mr. Chairman, just immediately, since you are interested in that point.

You go to Btu's per passenger-mile, which is the best way you can measure how many units of energy you are using to move somebody. If you take the average Amtrak cross-country train and run it, it cost you 3,500 Btu's per passenger train mile.

Let's say we will fill up everything. That is one of the things I am trying to do with my system, get things full.

If the Southern Crescent pulled out of here its last day with 284 seats and 28 people on it, that is not energy efficient. I think that has been misstated continually.

I am for this system, but I don't think we ought to be for it for the wrong reasons.

Let's say you filled up everything. This is now Btu's per seat mile. Seat mile means if it is empty, you still count it.

If you go to that, a compact automobile where you have 2.4 people riding it—I don't know why they select 2.4 people. I never saw four-tenths of 1 person. But if you had 2.4 people in it, your Btu's per passenger-mile are 1,900. Your Btu's per seat-mile are 1,100.

A train, if you got every seat filled, is 1,000. An airplane is 3,000. A bus is 500.

Now people can argue back and forth, but you won't miss it far when you get to those figures.

Senator LONG. What is the bus figure?

Secretary Adams. 500.

Senator LONG. The bus is by far the more efficient, then?

Secretary Adams. Sure. If you put people on buses, it is more efficient, fuelwise, than any other way.

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Senator LONG. If you think in terms of how to get the most mileage for energy, the thing to do would be to put them all on the bus.

Secretary ADAMS. Yes.

We haven't got enough buses to put them on, but if you want to save energy——

Senator LONG. You can build some.

Secretary ADAMS. You can do that, too.

Senator SCHMITT. Aren't you comparing apples and oranges and pomegranates? We have to look at the total transportation system of the country.

Secretary ADAMS. Absolutely. That is why I am for Amtrak. That is why I think we should keep it.

Senator SCHMITT. You made it impossible to have a reasonable mix in major portions of the western United States and the South, and particularly in rural areas, because we can't get to a railroad.

Secretary ADAMS. Senator, we went through those routes inch by inch, based on passenger-miles per train-mile, which is nothing more than saying how many people are on the train, on the average, over its entire route. People get on and people get off.

When you look at the system nationwide and you look at the fuel economies, you will notice what we tried to do is to maintain one route across the South, one route across the middle, one route across the North, one route down each coast, and one route down the middle; and then let States add in where they want to pay for it.

I don't think the Federal taxpayers, when you are running a deficit, should be having to face State legislatures which are saying, balance the budget, but we are not willing to put up half the Amtrak loss.

Senator SCHMITT. I am afraid with respect to national rail transportation, which is what has been the system traditionally and what it will have to be, that that is a red herring. I think it is a very important consideration as we get into this budget fight this year in terms of revenue sharing and a whole bunch of things.

But, we are talking about what is necessary for this country in terms of rail passenger transportation. I think that we have decimated that capability now by the kind of proposal that you made.

You considered a lot of other things besides the passengers per mile. You considered an OMB ceiling they gave you, right?

Secretary ADAMS. No. I appealed that and won it. They assigned $450 million, and I went up $100 million by going to the President.

Senator SCHMITT. That is still a constraint on the system. You couldn't add anything above that.

Secretary ADAMS. The whole world lives with constraints as to what the taxpayer will pay.

And there is one route on there——

Senator SCHMITT. Let's make sure we keep that in mind when we talk about this as an optimum system.

Secretary ADAMS. If you want to put enough money into subsidies, it is possible to a system that is technically superior.

Senator SCHMITT. We might debate that.

Secretary ADAMS. Well, that is an overstatement.

Let me give you an idea. Subsidies were mentioned. In 1975 we subsidized the commercial air passenger three-tenths of 1 cent per passenger-mile. We subsidized the intercity bus one-tenth of 1 cent per passenger-mile. We subsidized Amtrak 9 cents per passenger-mile.

We subsidize trains 90 times what we do buses, and roughly 30 times what we do air passengers. I think that's right. We should have a train system. We need it to grow as the years come on.

But as I will state in my testimony, which I will turn to now, I think this has got to grow where people want it. I can't predict 10 years from now where they will exactly want it.

But I have tried, as have all of us in designing this system, to give you a way of going at it that will completely show the people what they get for their money in each area.

Senator MAGNUSON. Go on with your statement, Mr. Secretary.

Secretary ADAMS. Mr. Chairman, I am here today in response to two things: First, with regard to my response to the congressional directive to improve the Amtrak system that is pending before the Congress.

I plead with you, so that we can keep Amtrak in existence, that it not be disapproved and that we not go back to the old system we had.

The second is the Amtrak Authorization Act, in which you will discuss how you want to fund Amtrak for the future.

I am trying to provide Amtrac with a reasonable amount of subsidy. I am asking you to provide over $550 million in fiscal year 1980 to cover operating losses, and $171 million for capital purposes.

In passing the Rail Transportation Improvement Act last year Congress indicated dissatisfaction with the way that it is going in the 27,000 mile system.

A good part of that was because it was easily visualized that the operating losses alone of that system within 5 years would approach the $1 billion mark.

So while we have reduced the system, it will still serve 22 of the 25 largest population centers in the United States and 40 of the States. It will operate 43 percent fewer route-miles, and 34 percent fewer train-miles; but it carry 91 percent of the number of people that were being carried before.

We are trying to increase passenger loads to save energy. The best figures we could work from this, if the new system is allowed to go in place October 1, is that we will increase the number of people on the train by 23 percent; in other words, from 141 to 173.

Now those numbers are the best we can develop working with Amtrak and projecting what will happen.

The reason improved load factors are important is that they improve your energy efficiency. The more people you can get filling the seats, obviously the more energy you save, because you have the same engine on it and the same crew on it and the same cars.

So the objective is to get the load factor up. I think it's also important to state that we have been asked to monitor Amtrak.

We don't run Amtrak. As a Secretary, I have not tried to go down to each board meeting and run their day-to-day business.

Amtrak has a president in whom I have confidence, Alan Boyd.

He has come to grips with the issues. I recommended him. I have supported him. I am glad he is there.

There is an Amtrak Board. That Board and the President run the day-to-day operations. They will run the frequencies on this route system. They will determine the equipment that is on the routes. They will do the ordering of the equipment.

What we really are is the banker. The Department as your representative has to be that. Somebody has to do it.

When you put $550 million into a corporation, you are in the position of a banker and the banker has to know where the money is going.

That to me is what we are trying to do. When things aren't going well, and look like they are going worse, it's the duty of that person to come in and say so and try to make it better.

I want to compliment and give my appreciation to Alan Boyd for the patience he has shown in trying to work out some really bad problems.

In other words, we get into very differing points of view. That is what he is supposed to do and that is what I am supposed to do.

That is why you will hear differences. That is why they exist. It's the way the statute is structured.

Now, there is another problem that has to be addressed and that I hope the committee will focus on.

When we started this system, the passengers, through their fares, paid half of the cost. Now, they are paying 37 percent and the taxpayers pay the rest.

Fares have not kept up with costs. Every year the Federal subsidy per passenger has gone up.

I have recommended that be changed. Amtrak has agreed with me. We hope by 1985 just to get back to 50–50.

I do not like to hear people say we are trying to hurt Amtrak because we think the people riding ought to pay half of what the loss is, rather than just a third.

In this society, people do the things they want to do. If they don't want to ride, you can't make them; if they do, they ought to pay their share.

The Amtrak Board has adopted that policy. We are also applying the President's guidelines to increases. There will be flexibility because as you reduce Federal subsidy though price increases, you are allowed a variation in the percent price increase allowed.

I have tried to say that we must have a 5-year plan.

I think that is essential. I also think we ought to have at least a 3-year authorization. You have to have capital to buy cars. We are buying new locomotives. We are examining the idea of tilt bodies, to make the ride more comfortable.

I think there needs to be a multiyear authorization so that the Congress, the public, Amtrak, and the Department all know what the plan is.

I am asking that Amtrak provide a 5-year plan of the Department and give it to the Congress that we can work on it jointly and we can all march forward together.

If you do what we are talking about, we will save over $1.4 billion.

I don't want to emphasize just the monetary saving. I think the target is to make the system more efficient and as it's made more efficient, that is what you save.

Then if people come back on it, and we have an energy crush and we have to expand it, then that money has not just gone down the drain for a system that isn't working. The system will be efficient and available for the Congress in its wisdom to decide, all right, we want to have it.

As to State participation, I think the States ought to be involved, to say we want that train enough to put some money in it. Or the passengers to say we want that train enough to put some money in it.

I don't think the Federal Government should go any farther in paying higher and higher percentages.

That is all we are saying. We think the Federal Government should be in. But we think there is a limit to it.

The trains that have been proposed for discontinuance—this, Senator, goes to your question—were primarily trains on long-haul routes.

They have to carry a dining car. They have to carry sleeping cars. And all of those cars are nonutilized weight which detracts from the efficiency of the locomotive in carrying them.

Therefore, we couldn't just match long-distance routes against short-distance routes or else fuel efficiency would have said just run short distances.

So we compared long-distance trains to long-distance trains and short-distance trains to short-distance trains to try and make it as fair as possible.

And I take responsibility for the system being the size that it is. The prior administration had a very strong position that you really ought slim it down and just run it where people wanted it, which meant breaking up the system into little pieces.

I don't believe that is true and the fault, if there is one, is mine in saying there should be a national system.

And I picked as big a national system as we felt could be efficiently operated and that people would ride. In other words, over 90 percent of the number of people will ride it.

Now, as to the energy emergency. It's there. If this were 35 years ago, I would say do an entirely different thing; 35 years ago, 75 percent of the people traveling intercity by common carrier went by train. Now, three-tenths of 1 percent of intercity travelers use the trains.

If you were going to shift people to the trains, it would require a minimum of 5 years and probably close to 10 to produce locomotives, cars and so on to even pick up a small percentage—say 5 to 10 percent—of what now go by automobile.

Rightly or wrongly, we have an automobile-based economy. It's why I spend so much time trying to get the automobile industry to get more miles per gallon.

And that is a struggle, too. But we live in a society where people do what they want to do in transportation. They ride the train and plane and take the car depending upon their choice.

Most of them find now that it is cheaper to ride in their automobile. As we try to improve this, let's hope we can get them on

the trains or the planes or buses. Talking about the 3 years 1980 to 1982, you can take the entire Amtrak system and fill it up and you would be handling less than 1 percent of the people traveling intercity.

I am saying that to solve the energy problem you will have to tell people you can't drive as much, and you will have to use the public transportation system as best as you can and get as many people as possible onto it.

I want to get them onto it. I want them to have choices. I think the other thing that we have to always keep in mind is that 99⅞ percent of the intercity travelers are not on the train.

I hope that some of you, after you attend a meeting out of Washington, will do what some of the Congressmen have done and that is get up the next morning and get on the train. See how many people are on it and see what the load factor is.

Now, all of our decisions were based primarily on passenger-miles per train-mile with other supporting factors considered as relevant.

The one exception was an environmental exception. There are 80,000 people on the northern route, the so-called Empire Builder route that goes across the North, that have no other way of moving out of the Dakotas and out of Montana and through that area, during the winter months especially. Therefore, that train was continued for the environmental and social reason that 80,000 people have to have a way when the snow comes, and you can't clear the highways, and the planes can't fly in and out, to be connected with the rest of the country.

I am prepared to defend that decision. I think it's part of the national grid. We didn't recommend the Hiawatha because it was just not the same kind of situation. If somebody wants to recommend that it run so many days over one and so many days over another, that is a matter to take up with Amtrak because we have done that at times in the past and it can be done operationally. If the States want to come in because of their particular problems and assist with that, then fine. I asked in this authorizing legislation that the amounts allowed for 403(b) be open ended—we don't often do that.

In other words, I want the authorization to allow States to come in and then we can go with a supplemental appropriation to say so many States have come in and requested this and we will match them 50–50 if they want to put up their money.

That is in the bill that is before you and it is an important part of that bill I don't like open-ended authorizations ordinarily but we don't know how many States will come forward and we don't have a figure.

Not having a figure, I can't come before this committee and say it will cost you $10 million, $15 million, $18 million, or $17 million, whatever the number.

Senator MAGNUSON. Mr. Secretary, you say that the alternate route system on the Empire Builder is the Hiawatha is open for operation.

Secretary ADAMS. Yes, for parts of the routing. All we did is connect the end points and intermediate points.

Senator MAGNUSON. And it could add up that you could run, whether you call it the Empire Builder or not—in your State, you can run it around the circle? The northern route one way and the southern route the other way.

Secretary ADAMS. Congress said in the bill that Amtrak can decide between end points, to change end points from those we have designated Amtrak must hold to the Congress route and service criteria, which basically say you have got to give the best service you can—in other words, not downgrade the service—and second, that service must have some relationship to efficiency of the system.

As long as it follows the route and service criteria the Amtrak Board can go either route or run in a circle.

Senator MAGNUSON. What I am getting at is that Amtrak is not precluded from considering this alternative.

Secretary ADAMS. They are not.

Senator MAGNUSON. It can be brought up and discussed.

Senator ADAMS. That's correct.

Senator MAGNUSON. Because I don't see how you are going get what few people there may be riding the Hiawatha over to the Empire Builder. You will have to go around those people both ways.

That applies to our State too. There is some difficulty getting around that State in the winter.

Secretary ADAMS. No question about it.

Senator MAGNUSON. It could run—as you know, the Wenatchee route, the old Great Northern route and then the MP route via Pasco and then the other way. We will strongly urge that that be done.

Secretary ADAMS. Mr. Chairman, I now have gone through the package as it exists.

Let me briefly highlight the Amtrak Improvement Act, with which the second part of my testimony deals. What I have talked about up to this point is, "Please leave the system that we have put in place, in place." It's a basic system. If Amtrak begins to earn more revenues, they can go where they want with their revenues as long as they meet the route and service criteria that Congress set out, or 403(b) routes can be used.

If my recommended system goes down, I don't know how we will run the current system. I don't know because I don't know how we can justify the costs.

With the amount of money that you are paying as a subsidy to take people on some of these routes we are discontinuing, you can give them a free airline ticket.

That is very hard to sell.

I will go through that.

Our staff is available to yours. You can go route by route and see just how much the taxpayers pay, how much the passenger pays, for each one of these routes and how many people are riding.

Senator MAGNUSON. That is not for the commuter system?

Secretary ADAMS. No.

Senator MAGNUSON. Let's not get that confused.

Secretary ADAMS. Amtrak is completely separate from the commuter system. Amtrak is intercity, not intracity.

Senator MAGNUSON. I will talk a little about the commuter system.

Secretary ADAMS. First thing, and I will be brief, because I know you have a familiarity with the bill, there should be a 3-year authorization, so you really can look at the system and go through it with some sound financial planning.

In connection with that, we want Amtrak to give to us and to give to Congress their 5-year plan. We think you have to know what they expect to spend and what they expect to spend it for, so we can all plan as we go forward.

I am proposing in this authorization a total amount of approximately $2.4 billion. That is to meet Amtrak's operating and capital requirements through fiscal year 1982.

Now that would give their management flexibility. Specifically, this breaks down this way: For operating losses in fiscal year 1980, we would go with $552 million, which is above what was available in fiscal year 1978 but does not meet the full inflation amount. In other words, in fiscal 1978, Amtrak had $536 million in losses.

The CHAIRMAN. What is your estimate as to what the losses would be if you were required to maintain the present structure for that comparable year?

Secretary ADAMS. $718 million, Senator, about $166 million more.

The CHAIRMAN. You are saving about $166 million by reducing——

Secretary ADAMS. First year.

The CHAIRMAN. The first year.

Secretary ADAMS. The next year we are proposing $591 million. That is fiscal 1981. And $598 million for fiscal 1982. That is for operations.

In addition to that, we are proposing $627 million in capital funds over the 3-year period.

Part of that is for labor protection, which was agreed to and which is part of their contract.

That $97 million is part of that $627 million. I also have recommended that we include in here $37 million for the Northeast corridor payment. Payments are being made on that. Most of them have already been made. We have been making them since 1976.

But I intended to ask the Appropriations Committee for $12 million in fiscal year 1980—that will finish off the direct payments for the corridor—and then for $25 million in fiscal year 1981 to pay off part of the loan guarantees they used to for earlier payments.

We also recommend retiring their debt.

Now, I have put in a contingency authorization for operating cost for section 403(b) routes and for increased interest payments due to the fact that Amtrak would not be allowed to just draw down its money, pay off part of its debt, and save that amount—in other words, shift its money back and forth in the capital account.

We have added additional money, so they can pay for that.

On commuter service, with regard to commuter service, we believe that the commuter service should be supported by either local government authorities or State authorities.

What happens is you buy a ticket on an intercity train, and you get to a particular city and the commuters get on, and they have a commuter pass that lets them ride for very little.

In other words, it's subsidized by the State.

But the States have not been willing to pay for at least what Amtrak is incurring as a cost to carry the people.

That is all we are asking for in that.

We have attempted to get to a rational basis with the commuters.

We don't want to load it on them all at once.

We want people on the trains.

But, you know, if you have two people on there paying two different prices and one is paying a lot less than the other, you ought to try to make it up so they all are covering the cost.

With regard to the ICC, we have recommended that Amtrak be given more authority to manage its own affairs and that the ICC not get in and manage its affairs.

In other words, ICC standards cause Amtrak to suffer delays in trying to change their service requirements and in trying to make operations work better and in trying to provide more customer convenience. We are recommending that ICC service authority be reduced and that the ICC authority to require Amtrak to run a 403(b) train be done away with.

We think that the States should propose 403(b) routes and that Amtrak should respond. There are contingency appropriations in our legislation so that Amtrak can pay for it, but I would like to see the people put up their money to say they really want this.

Finally, there are a number of housekeeping items included in our legislation. I will mention one, so you understand how we have to clean up some of the regulations.

We have proposed that Amtrak be able to enter into joint fares and through rates with domestic, air, water and motor carriers. In other words, so they can tie with the bus lines; So the bus lines can bring passengers in on a joint fare; so you get on and get one ticket.

Another kind of housekeeping item will resolve an accounting nightmare. Each State now requires the employees to be paid on a different basis. There ought to be a nationwide system which would basically break down to, say, you get paid once a week and there would be 6 days, lag time. They have to maintain literally scores of different accounting systems to pay everyone on a different schedule, depending upon the State. There should be a national system.

Mr. Chairman, I have tried to outline the route structure, and why I hope it will be maintained, what the present system is, and what the new authorization is.

I want to say this: On the Empire Builder, you have to go on the old Great Northern route in Montana, and you can't go by way of Billings, which was the old Northern Pacific, unless the Congress rejects the plan or the Amtrak Board goes through a route and service criteria exercise to change the routing.

They can do that. The reason for our choice of routing was based on an environmental and social question, and we designed the route to serve those people who are the worst off.

The train can go either way in Washington State, because there is no environmental problem.

Your environmental problem is in the Dakotas and Montana.

Mr. Chairman, that completes my statement.

Senator LONG. Senator Cannon.

The CHAIRMAN. Mr. Secretary, a little earlier I pointed out, with your help, that there would be $166 million savings in the new system over the old; but did that take into consideration the labor protection costs that would of necessity be incurred if you cut back to the proposed system? If not, how much is that?

Secretary ADAMS. That does not include the labor cost. The labor costs are in the capital account, and if we use the new system, we will save $23 million over on that side. So you are really talking about close to $200 million if you count both capital and operating.

The CHAIRMAN. And that is with the labor protection cost included in it.

Secretary ADAMS. Yes. The labor costs come in the capital account.

The CHAIRMAN. Much has been made of Amtrak's ability to help conserve energy, particularly in the event of another disruption in oil supplies.

How much additional traffic could Amtrak handle in the event of such a disruption?

Secretary ADAMS. If it tripled its passengers, it would not get to 1 percent of the people traveling intercity. In other words, if 3 times as many people were on the train you wouldn't get 1 percent of the people presently moving between cities.

The CHAIRMAN. So it is a very insignificant amount under present capabilities.

Secretary ADAMS. Insignificant.

The Chairman. How much additional equipment would Amtrak need to meet projected demands under such disruption in energy supplies? You haven't done any projections on it?

Secretary ADAMS. An awful lot.

The CHAIRMAN. You don't have any specific projections?

Secretary ADAMS. We will try to develop it for you. It is very hard. Those are strictly on projections of how many people will shift out of their car, how many will go on the train as compared to on the bus or on the automobile, or would stay home.

That is why I say it takes an awful lot of equipment to get up to that 1 percent; and then you have to determine what shifts will take place, where people will ride.

The CHAIRMAN. Now your preliminary route plan utilized 1977 data. For your final plan, was the 1977 data used, or was it updated?

Secretary ADAMS. We updated it.

The CHAIRMAN. So this is based on 1978 data now for your final plan?

Secretary ADAMS. Yes, sir.

The CHAIRMAN. To what extent did the Department rely on data generated from the GAO study that was completed in November of 1978?

Secretary ADAMS. We went through it and looked at it, but we generated data independent of it. In other words, our data has an independent base, but we are very familiar with the GAO study.

The CHAIRMAN. Do you know whether, generally, your conclusions agree with that of the GAO study?

Secretary ADAMS. Yes, sir, they do.

The CHAIRMAN. I am referring now to the study that was entitled, "Should Amtrak's Highly Unprofitable Routes Be Discontinued?"

Secretary ADAMS. Yes, sir. In fact, they went a little farther than we did.

The CHAIRMAN. Of the $97 million that you have estimated that will go into labor protection, how much of that will be paid to Amtrak employees, and how much will be paid to employees of the contracting railroad?

Secretary ADAMS. Could we come back to it? We will have to break that out of our worksheets. We will do so. As soon as he has it, I will refer back to it.

The CHAIRMAN. In negotiating the labor agreements, will Amtrak be negotiating directly or through the contracting railroads? This is in line with the question Senator Long raised a little earlier.

Secretary ADAMS. The individual railroads negotiate as part of the national agreement, Senator.

The CHAIRMAN. What incentives are there for the railroads to bargain for the best arrangement for Amtrak?

Secretary ADAMS. Not much.

The CHAIRMAN. I think that strengthens, certainly, the point Senator Long raised.

Secretary ADAMS. The point is, though, Senator, that they have a great self-interest in negotiating. In other words, the same people get paid for doing the same kind of jobs, so they have an incentive to do that.

If you are asking me the question of whether you can break out Amtrak employees because they are doing a different thing than people that are covered by the master agreement, the answer is what I gave to you.

You asked a question on labor protection. Amtrak employees will receive $76 million in labor protection, and railroad employees will receive $21 million.

The CHAIRMAN. Under Section 12 of the Amtrak Improvement Act of 1978, the Department was requested to study the common stock ownership of Amtrak. When will the Department complete that study and present its recommendations to Congress?

Secretary ADAMS. We are almost completed, Mr. Chairman. We should be able to report that to you very soon.

Now, I want to emphasize that what I am giving you is what the staff has given to me. I have not signed off on it one way or the other; but I wanted to know where we were with it.

I will give you what our first conclusions or first statements are. There is a problem of unintended enrichment of Amtrak stockholders. The railroads could either receive stock in amtrack or get a tax writeoff. Several chose to take stock.

We are of course improving the system, so they get a ride on their stock. To prevent that, we will probably recommend—I just say probably because it has not been signed off—some kind of nonvoting, noncumulative, nonconvertible preferred stock to be issued to protect the Government's money, particularly the capital investments that are going into the system.

We have considered making some recommendation regarding the railroads being allowed to elect the four Board members, since they are not investing any more in it; but I have not decided on that. I think it is necessary in some manner to keep the railroads involved in this Corporation, because we are contracting with them.

The CHAIRMAN. You pointed out that the subsidy now amounted to three-tenths of a cent per passenger mile for air, a tenth of a cent per mile for intercity buses, and nine cents for Amtrac.

There is a study that, as I understand it, was to be completed either this month or next month.

Secretary ADAMS. No, sir. Those were the 1975 figures. Our new ones get worse, from the railroad viewpoint.

The Chairman. When will you have that information on the new study available?

Secretary ADAMS. I don't know. We will do it as promptly as we can.

The Chairman. Thank you, Mr. Chairman. I may have additional questions for the Secretary to submit for the record.

Senator MAGNUSON. The three-tenths of 1 cent a mile for aviation passengers—is that based upon direct subsidies appropriations?

Secretary ADAMS. No, sir. That takes into account all of the things we do net of the user charges; and if, in the Air Development act that is coming up, Congress shifts more of the ticket tax into operational expenses, that figure will go down. That is a decision the Congress will be making in the next year and a half.

Senator MAGNUSON. When you include a subsidy——

Secretary ADAMS. By subsidy I mean that that includes the money that we are putting into the system. As you know, part of the money goes into airfields for safety, national defense, and those things—air controllers, FAA.

Senator MAGNUSON. That is over $1 billion.

Secretary ADAMS. Correct.

Senator MAGNUSON. I wonder if that is all included in the three-tenths of a cent.

Secretary ADAMS. Yes, sir. If you went to direct subsidy, it is quite small. I forgot the colloquy——

Senator MAGNUSON. We are about $17 million, local service.

Secretary ADAMS. The subsidy actually paid is quite small. This includes all assistance.

Senator MAGNUSON. On the labor matter, does the Department anticipate wholesale layoffs if this plan goes into effect?

Secretary ADAMS. No, sir. I don't know what you mean by "wholesale." Obviously, there will be a change in the number of people that will work on the system because you will be running fewer trains. That is where your labor protection comes in.

But I can give you an estimate of the number of people affected. Some, if we can get the freight bill through and get into movement there, we get a shift over.

Senator MAGNUSON. Under the labor proposal, some of these workers could continue to work for railroads or Amtrak, couldn't they?

Secretary ADAMS. That is correct.

Senator MAGNUSON. They could go with the railroads because they negotiate on attrition and things of that nature.

Secretary ADAMS. Yes, sir. Our problem is, as you know, that the freight railroad business has not been that good nationwide, and it has all declined. I don't want to mislead you. I wish I could say that the railroad business is going to come back.

I am hopeful it will. I hope we pass a bill that does that. If we did, these people could shift over. If the whole industry stays flat, there could be people affected. I don't like it, but I don't know what else to do.

Senator MAGNUSON. Now we discussed the alternative routing situation on the Chicago-to-Seattle run. Let me get to the commuter line, the Pacific International between Seattle and Vancouver, Canada.

I have often thought the reason that they haven't attracted more passengers is because of their poor scheduling and the delays, particularly at the Canadian border. I don't think that route ever had a chance. The scheduling was such that you almost had to stay overnight in Vancouver, and then come back the next day or vice versa to Seattle.

It seems to me you ought to take a longer look at that before you recommend that that be abolished. It hasn't attracted many passengers; I will agree with you on that; but you know the route well.

It seems to me that if we are going to have rail transportation, here are two communities about 115 miles apart that—communities, I guess the population of the greater Vancouver area would exceed 2 million, and surely the population of the Seattle area would exceed that. It seems to me we ought to take a longer look at that.

Let me ask this: Could the State be involved in that?

Secretary ADAMS. Yes, sir.

Senator MAGNUSON. Would you have to have the British Columbia Government, too?

Secretary ADAMS. Yes, sir, for the distance that is there. Several trains are involved and you point out very sharply that everybody gave up some service.

The State of Washington lost a lot of trains; the South lost a lot of trains; the West, in portions of it, lost some trains. I am trying to hold the system together.

Yes, the State could come in with a 403(b) payment if the legislature wanted to do it. They would have to put up half the loss.

Senator MAGNUSON. What about the Montrealer run?

Secretary ADAMS. So you get some idea of the figures, the Pacific International in 1978 carried about 65,000 passengers. The revenue on it was $463,000. The cost was $2,114,000. So they would have to come up with $1,651,000 to maintain the service back and forth.

Senator MAGNUSON. From the Seattle-Vancouver area.

Secretary ADAMS. The same thing. I cut off the Montrealer because it was in the same situation. I said if the States wanted to go 403(b), they could do that to maintain the traffic that went up there, just as the Southern Crescent could.

In other words, the States of New Hampshire, Vermont, and Massachusetts. Again, I can give you the figures if you want, but it's the same kind of picture.

Senator MAGNUSON. I know the figures are not very good. But those figures could be upped a great deal if the schedules were right.

If you worked out—there was no attempt to work out a deal with the Canadians on customs in between.

The same with the Montrealer. It seems to me—and equipment on that run, I don't know where they got some of the cars but I guess they picked them up after somebody else discarded them someplace.

Secretary ADAMS. Let me give you an example of why I am discouraged about that analysis, Senator.

In my opinion, the best passenger train in the United States is the Southern Crescent. It's clean. It's run fast.

It is the flagship of the Southern Railroad. It was run by a private company. It happened that the president of that company kept it up beautifully.

That train had everything going for it that a train could have and that train run got to be bad—this is under private management. We can't blame scheduling or anything else.

They wanted to make it work. It was their flagship. The company said we can no longer run it, and when we examined it, we found it had a large loss and we would suffer the same.

What I am saying is, no matter how good the scheduling and the equipment, unless you get the people to ride on it, you have got to be very careful about adding money.

Senator MAGNUSON. I understand that, but I am trying to say you could get more people to ride if you have better scheduling and better equipment and a better train.

Is there any possibility of having a leg like that be seasonal?

Secretary ADAMS. Certainly that is possible.

The scheduling, and the frequency, if you go the 403(b) route, are in control of Amtrak management and the State. We don't, within the end points, Mr. Chairman, tell them when to schedule and how to schedule.

They operate within the constraints that the Congress puts on them, as to what they must run or as to 403(b) routes.

Senator MAGNUSON. Those at Amtrak—I agree with you and with Mr. Boyd. I have known him for a long time; he is a very able man.

Secretary ADAMS. I am very grateful he is there.

Senator MAGNUSON. Suppose Mr. Boyd decides from Seattle to Vancouver that, say, from the month of April 15 to September 15, they could run a schedule up there?

Could that be done?

Secretary ADAMS. If it meets the route and service criteria, it can. His problem, and I want to make it very clear so that you understand how much we are together on this, is that he has a certain total amount of money—Whatever the Congress sets. We recommended a particular amount. As you extend his system, he can't possibly run it with the amount we have recommended.

Now, you are talking about the margin as to whether he can or can't do it. I rely on his judgment as to whether he can bring in enough revenues to do it, or else get a State to do it.

Senator MAGNUSON. What I am saying is: Is it possible, with the growth of population in this area—it may be like the Northeast Corridor someday—is it possible to run the Seattle-Vancouver run seasonally?

Secretary ADAMS. Legally, it's possible.

Whether or not it's the thing to do, I would prefer you ask Mr. Boyd.

I don't know the operations. I know the route. I have been on it. I have ridden it.

Senator MAGNUSON. The argument you use about passengers using the train is that they haven't used it and, therefore, it's not possible to have a run which many passengers more would use. My argument is if you had better scheduling and had better equipment and maybe ran it seasonally, that you could make probably double or triple the amount of passengers using that run.

Secretary ADAMS. Mr. Chairman, my problem is that we believed this and we have tried it for 7 years, and I, with you, helped create this system. Therefore, I am for it.

All I am saying is, our problem has not been as much with the service of the individual trains as it has been that the automobile has been more attractive to individual people driving, for their own reasons, whatever they are. And that has been the major impact that has hit the railroad system.

The second thing that is now impacting on it is airline deregulation, with lower fares and more frequent service.

The people vote on Amtrak not by going to meetings but by their ridership. The only reason I used the Southern Crescent as an example was that it has been run as a good train.

I don't know; you would have to ask Mr. Boyd the potential of the market there and whether it would go seasonally. It very well might.

Senator MAGNUSON. I am talking about—I was with the beginning of Amtrak. We knew it was going to have to have some trial runs. We thought it had a better future then, but it apparently hasn't.

What you are saying is that if the Seattle-Vancouver run is cut out, there is no future for it. That may be; conditions might be different that you could put it back in.

Secretary ADAMS. Yes, sir. I think that over the next 10 years we will continue to look at Amtrak, year by year by year, and as things happen in the energy crisis, with the American automobile, and with the airlines, that we will be trying to have this system carry more people.

I think it is a necessary alternative choice for the American people. I am not ruling out a route anyplace in the future, as long as we could figure out a way to get people on it and divide fairly the cost between those riding it and the taxpayers.

That is all.

Senator MAGNUSON. Well, I understand that, but what I am trying to suggest is that some of these lines, I think this one, didn't have a chance to prove its worth.

Secretary ADAMS. Yes, sir, that may be so.

Senator MAGNUSON. The Pioneer from Seattle to Salt Lake City—would the elimination of this service put additional ridership pressure on Amtrak between Seattle and Portland?

Secretary Adams. Pressure on the system? I am not sure what you mean. More people riding?

Senator MAGNUSON. Do you think you would increase the ridership between Seattle and Portland by eliminating this Pioneer? Increase the ridership on the Starlight or the other trains?

Secretary ADAMS. Yes; some amount.

Senator MAGNUSON. Now, that train has brand new equipment, doesn't it?

Secretary ADAMS. Yes.

Senator MAGNUSON. Would that equipment be available for use in other routes like the Starlight or the one going south to Los Angeles?

Secretary ADAMS. Yes, sir. That is one of the reasons for this. You can concentrate your better equipment on the routes being used so that everybody gets better equipment, because you are putting it in the places where people are using it.

Senator MAGNUSON. The Pioneer has real fine equipment. So you recommend the elimination of the Mount Ranier shuttle service between Seattle and Portland and your report states that service between Seattle and Portland will continue to be provided by the Coast Star Line. That is the one that goes all the way up and down the west coast.

Is that adequate to serve those Seattle-Portland passengers who otherwise ride the Mount Ranier?

Secretary ADAMS. Yes, sir.

Senator MAGNUSON. The Starlight will be the only train between Seattle and Portland.

Secretary ADAMS. Yes, sir.

Senator MAGNUSON. Don't you think that is carrying it a little too far?

Secretary ADAMS. I think it's carrying it far, Senator, but I can't say too far. I couldn't justify that.

Senator MAGNUSON. I think that in this particular case, this should be considered as commuter service, and you are treating commuter service in the Northeast and East, you are keeping all those services alive and some of those trains don't carry as much as this commuter service carries.

Secretary ADAMS. I will give you a comparison on any of them you want. We can supply them for the record. The Mount Ranier, in fiscal 1978, it carried 83,000 people. The current system average route carries 460,000 people.

Revenues on it in 1978 were $703,000. The cost was $2,713,000. There is a $2 million subsidy.

So the total number of people riding on it weren't even close to meeting what we were doing in other areas. That was all.

Senator MAGNUSON. You have a lot of schedules in commuter trains in the East. New York, for instance. Baltimore. Those places.

This was only one train a day, I think.

Secretary ADAMS. Two daily in 1971 when Amtrak was created. When the Pioneer came in, it replaced one, which was the Puget Sound.

Senator MAGNUSON. And if you take the total of the passengers between here and, say, New York, by Amtrak, but you divide that by the number of schedules, and you get in that case sometimes some lesser amount of passengers than you have in the commuter trains you are eliminating here.

How many trains do you have out of New York a day?

Secretary ADAMS. Between New York and Washington? Hourly?

Senator MAGNUSON. Take the total number of passengers moving between Washington and New York and divide that by 24 and you get some schedules that don't carry any more passengers—one train schedule—than trains between Seattle and Portland on that one a day.

I don't say that that should be eliminated.

Secretary ADAMS. The Northeast corridor trains average 159 people. That is average. All day long. All the trains; 159 passengers per train mile of corridor. It's very heavily traveled. In our report and recommendation we say that after the money is put in we want that Corridor to break even by 1985.

We are not asking that anyplace else in the country—that there will be no operating subsidy in that area.

Senator MAGNUSON. I will say this for you, Mr. Secretary, by eliminating four trains out of six in Washington State, you haven't shown any regional bias at all.

Secretary ADAMS. You are correct, Senator.

Senator LONG. Senator Schmitt.

Senator SCHMITT. Thank you, Mr. Chairman.

I would like to include in the record the executive summary from a Harris poll conducted, I believe, for Amtrak on people's attitudes toward Amtrak. It compares attitudes in 1972 versus those in 1978, February, and I think the summary of the survey is that people's attitudes toward Amtrak are improving by significant amounts.

As a matter of fact, in most categories where it would be appropriate to say so, the majority of the people surveyed favor improved and increased Amtrak service and are improving their opinion of Amtrak.

So, with that in the record, I think at least we understand that people are interested in Amtrak and would like to see it expanded, not contracted.

And the other point, Mr. Secretary, is that if we could get the people on the train, as you said yourself, it is more energy efficient. It is more energy efficient to move large numbers of people by train than by other forms of transportation.

The reason I bring this up is that I think an alternative proposal, at least in the short term, would be to improve marketing and sales and, of course, equipment, particularly in heating and air-conditioning and general comfort, to see if we can't get that ridership up.

Did your department consider that kind of alternative to this route structure change?

Secretary ADAMS. Absolutely. And I went through this for hours and finally came to the conclusion that we have spent 7 years on this and it is getting better, but we better get to a basic system and build up.

43-139 O - 79 - 4

People's votes on Amtrak will be measured by the dollars they spend to ride it. Not what they say about it. Unless you want to take the position that they are willing to have their tax dollars significantly expanded in this area as compared to the others that you must trade off.

If Congress finally decides that and can carry it, so be it. I am just suggesting you try it on the State legislatures first, so you can get a real vote.

Senator SCHMITT. I support having State participation where we are talking about intrastate travel, but where we are talking about interstate travel, which is most of the issue here, I think it has to be principally a question of Federal activity until we develop a rail system that can operate without Federal activity.

I made that point several times. I really think we have the cart before the horse in this route structure change.

Secretary Adams. The best railroad systems in the world exist in Japan and in Europe. I meet with the European Ministers of Transport. There isn't a single one in the world that does not operate without substantial subsidies.

Senator SCHMITT. That is not a rail system in the United States. It is not a rail system most people who have thought about how to develop a future system in this country would say you should try to create.

I think we can create an economical rail system and that should be an ultimate aim of the Congress and administration. I am not saying we could do it overnight or even in the next 5 or 10 years, but it can be done.

Secretary ADAMS. I agree.

Senator SCHMITT. The marketing concepts exist and the technology exists. I think the potential ridership exists from these kinds of surveys. What is missing is putting it all together.

I would just like to draw your attention to a report by Mr. Randall R. Kukas, with whom I think you are familiar, and Dr. William A. Pollard, who has been associated with the Arkansas Association of Railroad Passengers, and he will testify before this committee at a later time, but he, Mr. Kukas, invested $600 of his own money in his personal advertising campaign for the local area in Arkansas and it resulted in, in 1 year, a 100-percent increase in revenues.

Now, I haven't studied this in detail. There may be some other factors involved. But I just have the feeling, Mr. Secretary, that you have taken the easy way out. By advocating a route structure change to save Amtrak when maybe with essentially the route structure that we have today slightly modified and a better marketing and sales program and better equipment, some of which is already coming on the line, we could have saved it in another way.

Secretary ADAMS. Senator, first, I can assure you that it has not been easy.

Second, I don't ever try to say to anyone that he couldn't do a better job or do it a different way. So, I can't question that conclusion. I have done the best I know how. I think it is necessary that we make such a movement.

What I have said is if you want to go with another Amtrak bill after you have gotten to the basic system, then the Congress should

measure what it wants to spend against what it wants to run and we will all—Amtrak, DOT, all the consultants you want to bring in—we will all assist in doing it. When you haul a train with a diesel locomotive, you have a lot of iron behind it and the more iron you put in that doesn't carry people, the less fuel efficient it becomes.

Now, I think we need a national system. You could do it a different way. I would suggest that you not. Because, at this point, you can blame me for the weakness of human ability to create one. If we go back, and I have seen this for 6 years in Congress, and start trading off as to who gets their route, what happens is it explodes.

Senator SCHMITT. Mr. Secretary, that is not the issue I have tried to address. I think you made the wrong decision on the Southwest Limited, but I am trying to address the question of a national rail passenger transportation system, not the tradeoff of individual routes.

I question the logic of the Southwest Limited. You are taking people a longer distance to Los Angeles from Chicago than you have before. And, as I understand it, the Ogden to Los Angeles rail line is not going to be immediately available. It will take some upgrading and some new facilities along it to make it available for Amtrak.

But, nevertheless, what I am talking about is what should we be doing in the short and long term to create a viable national rail system for passengers? I think we can do that. I truly believe that and I think you believe it, too.

Secretary ADAMS. We do.

Senator SCHMITT. The thing we are arguing about is approach. Your approach is, in this case, to reduce the route structure.

My approach would be to maintain essentially the route structure we have and, in a comprehensive way, get people on that route structure by doing the things we really either haven't done in terms of marketing and sales and having the kind of equipment that people would use on the rail system.

I don't think that the system will last, Mr. Secretary, primarily because it eliminates too much country. There are no feeder lines into that system now.

Secretary ADAMS. The feeder lines, I believe, for a rail system will always be, until we have basically shifted our whole attitude in this country, by bus and by rail and by car to central points and movement by rail then.

Except for the Northeast corridor, where you have natural collecting points, with huge numbers of people that you can place on the system and you have significantly bad weather, so that people get on it and you can just almost follow the weather patterns to see when they shift on the train.

Senator SCHMITT. We agree to disagree, then. Is the route structure the principal cause of the Amtrak deficit?

Secretary ADAMS. No.

Senator SCHMITT. What is?

Secretary ADAMS. The automobile; followed by the airplane.

Senator SCHMITT. I mean within its management system, where are the operating losses—in the route structure?

Secretary ADAMS. Yes. The route structure is the only effective way to get down to a lean enough system to manage it, use your equipment and then build it back.

Senator SCHMITT. There are not contractual problems? There are not managerial improvements? Why is it that the ICC says that only 31 percent of the costs to Amtrak are in the route structure?

I'm quoting again from the ICC report to the President and Congress, on the effectiveness of the act, March 15, 1978. That is on Amtrak.

Secretary ADAMS. That's why I supported a new manager, which we now have in Mr. Boyd. I think that improvements can take place. He is making improvements.

But there is no question about the fact that if you break down Amtrak's costs, you got $214 million in transportation operations.

Yes, you try to get a better contract with people that are out there. Your maintenance of equipment is $242 million. That will go down as we put the capital in and get newer cars. We both agree that should be done. Amtrak agrees. We are trying to order them and put them on.

Maintenance of way is $42 million. You can run right down the accounts. When you get finally down to the so-called support functions—in other words, the things I think you are talking about—you are talking about a relatively small percentage of total Amtrak costs. If you laid off the whole staff, it wouldn't significantly dent their deficit.

Senator SCHMITT. You have a major area of disagreement with the ICC.

Secretary ADAMS. I have disagreed with them before.

Senator SCHMITT. I quote from their report:

> We are concerned that the share of expenses attributable to transportation is so low. In our statement dated October 12, 1977—

That was before the House committee—

> We noted that even reductions in service over unprofitable routes would have minimal impact on Amtrak's operating deficit, as the burden caused by transportation expenses is minimal. We indicated in that statement that a fertile field of inquiry would be Amtrak's payroll. During fiscal year 1977, Amtrak's payroll budgeted for $272.3 million, one-third of the carrier's total expenses.

Now I just don't understand why DOT and ICC are coming to such different conclusions.

Secretary ADAMS. I don't know that we are coming to such different conclusions. Payroll is an enormous part of the system and it has to be managed well.

Senator SCHMITT. You are saying somehow this will save Amtrak.

Secretary ADAMS. Well, as we mentioned before, anytime a system is losing large amounts of money, the first thing you try to do is consolidate into the areas where you perform best and concentrate your people and equipment there. That's all this does. That's a management tool.

Senator SCHMITT. It seems to me the first thing you try to do is get people to use the system you have. I don't think you tried to do that.

Secretary ADAMS. For 7 years they have been trying to do that.

Senator SCHMITT. I don't think they are trying successfully, obviously.

Secretary ADAMS. Let's put it this way: They have not been successful. But I don't blame that——

Senator SCHMITT. However, you have this amount of support in the public at large and you have the kind of situation that faces you now in terms of energy, and are going to face, and you have not had what apparently is an adequate marketing program to get people on this rail system, and your equipment, if the complaints from my constituents are any indication, is the prime reason they are not on there.

It doesn't have anything to do with preferring the automobile, except that the train is not comfortable.

Secretary ADAMS. I will just cite for you the example I did to Senator Magnuson.

Take the Southern Crescent. That's a beautiful train. It has been run by private management. Its schedules are good. Its equipment is good. It doesn't have any people on it. And it was advertised; and it was supported by management. No question about it. And this was private. It didn't have anything to do with Amtrak.

It was their flagship. And they gave it up reluctantly. They just couldn't get any people on it.

Senator SCHMITT. We are getting them on in Albuquerque. We had a 29-percent increase in Albuquerque in recent years. Apparently, Mr. Kukas' effort was successful in Arkansas.

Senator WARNER. Would the Senator yield for one question.

Senator SCHMITT. Yes. I will have to go chair an appropriations hearing. I will submit some further questions for the record.

I think Secretary Adams and I will have a hard time agreeing on this one although, hopefully, our long-term efforts will be easier to make compatible.

Senator EXON. Senator Schmitt's question will be in, for the record, and you will respond, of course.

Senator WARNER. I, likewise, would like to submit my questions for the record and ask just one. Mr. Secretary, this decision may well have been overtaken by events here. We have a 90-day time period in which to make a decision here in Congress, up or down. Yet, we see a fuel crisis coming on the Nation of unknown proportions.

No one can get a definitive answer today for the American public with respect to the duration and the nature of this potential crisis. Now if it goes to the extremes that some project, and we commence dismantling this system, we might be on a collision course.

Have you got any stopgap in here in case in 120 days we are in a major crisis?

Secretary ADAMS. Senator, before you entered the room, I went through this with the chairman. If you took every train on every route and filled it up every place in the United States, you would not get to 1 percent of the people traveling intercity. It's insignificant in terms of the total intercity traffic.

I think it should be built back. I think you have got to get it down and build it back. People in the United States travel 85 percent by automobile. The remaining 15 percent is split between

air, buses, and railroads with the railroads carrying less than one-half of 1 percent.

Senator WARNER. But it would be a helpful thing to fall back on.

Secretary ADAMS. Yes. And we ought to keep it and have it, but the people aren't riding in the places that are on that system. We are trying to get to the places the people ride. That was the criteria of passenger per train-mile.

Senator WARNER. I understand. I was addressing this problem in light of an unknown situation confronting America today. Thank you.

Secretary ADAMS. Thanks.

Senator KASSEBAUM. I have a provincial question that deals with our concern in Kansas. In figuring the savings, I wonder if this includes the costs that will be involved in transferring the line to make a paying line out of a nonpaying line, which the northern route would be. This is moving the Southwest Limited.

Secretary ADAMS. It does, because there's no cost.

Senator KASSEBAUM. Well, it has not been used as a paying line. Are the rails in condition, and so forth, that will make it a satisfactory paying line?

Secretary ADAMS. This is the UP and it's in good shape.

Senator KASSEBAUM. What was the reason in moving that line to the northern route? As I understand——

Secretary ADAMS. To try and get Denver and Salt Lake City in it and connect those cities out there where you had population points to get people in.

Senator KASSEBAUM. In moving it north, it parallels our Interstate I-70 across the State.

Secretary ADAMS. We have the problem north and south with the interstate. We have interstate problems all over. But we were trying to connect population centers.

Senator KASSEBAUM. Thank you.

Senator EXON. I just have one comment and question. Then we will recess until 1:30, and we will take up the testimony of Mr. Boyd at that time.

Thank you very much for being here, and your associates.

I just have one comment to make. I have talked with you two or three times about the problems we have in Nebraska. Mr. Bracey was over Friday and we asked some questions. We haven't received an answer to them yet. They didn't have them. I am sure we will get them.

I would say this, Mr. Secretary, that really, those of us affected by these routes are very concerned and I suspect that if a recision of your efforts come to a vote in the Senate, I probably will support that activity. But I do feel, in all fairness, that we have to have facts and figures that you haven't given me yet, but I'm sure you will, on the cost.

I would back up to a considerable extent what Senator Schmitt said. However, we honestly feel, Mr. Secretary, that as far as the Nebraska route is concerned, if you designed a rail transportation service—"a service" for failure, you would design it the way the Zephyr route is run from Chicago to Denver, Colo.

It can be well documented the train does not have the best equipment; but more important, it doesn't run on time and not

many people want to get up at 2:30 in the morning, even if the train is on time, to board that train in Lincoln, Nebr.

I want to emphasize what I think Senator Schmitt has been saying, that those of us being cut off of their rail service, and we are fearful that once cut out, regardless of the improvements in tracks and service and equipment in the future, we will have a difficult time of ever getting reinstated. So I feel that as far as Nebraska is concerned that we have not given that a fair trial and treatment, notwithstanding that Southern Express or Silver Limited, or whatever it is.

We would like to have it tried in Nebraska more than it has been. But I would say to you that, as a man who feels we should be fiscally conservative, I would not even be in favor of Amtrak service in Nebraska if I was convinced that never, ever would it become anywhere even nearly in a position to pay for itself.

So I want some hard facts and I am sure you will give me what you have, and then I will assess those facts in my usual fair manner before I vote.

Secretary ADAMS. I appreciate that and I appreciate Senator Schmitt's concern. And I think we should close on an upbeat note about it.

I would like to see passenger service rise, and "never, ever" is a long, long time. I am simply saying that you have got to start at a better base where we can have better equipment. I have ridden that train from Chicago to the coast. One of the problems—this is a technological problem affecting Kansas too. Depending upon the time of day you start out of Chicago, in order to go to the coast, you have to go through somebody's town in the middle of the night. That is the way it has always been. I have gotten off in a lot of towns in the middle of the night.

In an airplane, you can get on and make it in one jump. In a car, we have motels scattered all over. Technologically, I wouldn't want to say to you that you can always put a train in at the proper time.

The more trains you haul that don't go to population centers, don't pick up any people, the more the taxpayers must pay for it. So we are all trying for a common goal.

My suggestion, which is done with as much staff work as we have got, may not be the best. I don't know a better one or I would have suggested it.

Senator SCHMITT. Mr. Secretary, I said I was not going to get very specific about the Southwest Limited, but in this most recent colloquy, I just have to point out that this is the fastest route. It averages the highest miles per hour—I think a 55-mile-per-hour average across its route. Albuquerque and other points have been increasing their ridership. The city of Albuquerque located its bus terminal at the same point as the rail terminal.

We have been doing everything we can, at least in New Mexico, to make that a viable route. There is new equipment coming on to take care of the complaints about heating and air-conditioning. And all of a sudden, before any of that had a chance to bear fruit, it's gone. That is what bothers me.

It looks as if once again the Federal Government, in trying to design from some other perspective a national rail system—and I will give you credit for trying to do that— as HUD tried to design a

national housing service system, has eliminated some of the most efficient.

That is what has really gotten to a number of the Senators around here; plus the fact that we are not looking into the future far enough to create a truly viable rail system.

Secretary ADAMS. We are trying, Senator. The Government came into Amtrak because there was, almost without exception, a decision made in private management of the railroad companies, in the 1960's, that they would run no more passenger trains themselves. That is why we, the Congress, the administration and the Nation as a whole, are trying to fashion a system.

We didn't start from that position.

Senator SCHMITT. We keep equating system with routes. If there is anything I ever do on this subcommittee, it is to get us to quit equating system with routes. The system is broader than that.

It has to include managment problems, the labor problems, the technology problems. It has to include everything. We can, I am absolutely convinced, build a rail system that will pay for itself and provide large numbers of passengers, a great deal of service in the country.

But we are so far away from that now, because we won't reset the clock or create a new clock. That's what we have to do. We haven't even done it. And I don't see any sign that we are moving in that direction.

Secretary ADAMS. We are moving in that direction by trying to create right now a system that people will use. I agree with you that one day people will get out of their cars, for whatever reason, that system will go and there will be more people and it may break even.

Senator SCHMITT. If nothing else changes, Mr. Secretary, and that is the route you have, I think you will be back here within a year or two saying we will have to cut some more. That won't pay for itself and the rest of the system.

Secretary ADAMS. No question about it. It is a question of how much you want to pay to keep the system. The existing system will cost $700-some-odd million. This is $500 million.

Senator SCHMITT. If you want to keep that one and get riders on it, it wouldn't cost you that much

Secretary ADAMS. We tried that system.

Senator SCHMITT. I am saying we haven't tried hard enough in the right ways.

Secretary ADAMS. We think we are. We are trying to operate them where people are riding them. If it grows, they can go elsewhere.

Senator SCHMITT. Thank you, Mr. Secretary. You are very kind to accept this kind of abuse.

Senator EXON. We may not agree with you, but you handled your point of view very well.

We stand in recess until 1:30.

[The statement follows:]

STATEMENT OF HON. BROCK ADAMS, SECRETARY, DEPARTMENT OF TRANSPORTATION

Mr. Chairman and members of the subcommittee, I am pleased to appear before you today to discuss with you both my response to your directive to improve the

Amtrak route system and the Administration's recommended Amtrak Improvement Act of 1979. Since many of the provisions of the proposed Act flow from the findings contained in my report on the Amtrak route system, I shall begin this morning by discussing that report.

As I am sure you and the members of this Subcommittee know, Mr. Chairman, I believe very strongly that the Amtrak route system recommendations which I have submitted to you present us with an opportunity to respond to the very clear concerns of many of the Nation's taxpayers. My recommendations will allow us to reduce Government spending and they will permit us to focus our limited resources on those Amtrak services which are most supported by its patrons and are most energy efficient. President Carter is committed to control of both Government spending and inflation. I am sure that you and the members of this subcommittee share that commitment, Mr. Chairman. My recommendations will contribute to that end. The improved Amtrak route system will save $1.4 billion in tax dollars during the next five years, and yet it will continue to provide rail passenger service to 91 percent of the number of riders served by the current Amtrak system. Opportunities to save that kind of money while not significantly impairing service are essential, and so I would like to take a few minutes of the Committee's time to discuss this opportunity with you in greater detail.

As you will recall, Mr. Chairman, the Amtrak Improvement Act of 1978 required me to develop, in cooperation with Amtrak, an improved Amtrak route system. The Act also required that I base the improved system upon population and market requirements. In response to the Congressional mandate we have designed a system which as I indicated earlier will continue to serve most of the passengers served by the present Amtrak system. It will also serve 22 of our nation's 25 largest cities and 40 of our states, while operating over 43 percent fewer route-miles and 34 percent fewer train-miles.

Those facts are true for two reasons: First, the trains to be discontinued are primarily those that cover vast distances, serve few major cities and consequently incur huge expenses to serve few passengers. By eliminating these trains, Amtrak can achieve significant savings while displacing few of its passengers. Secondly, our findings indicate that more people will, on average, ride the trains that will continue to operate. The number of passengers aboard an average Amtrak train at any given time is expected to increase 23 percent, from 141 to 173. Some of these will be current Amtrak riders who will continue to be able to reach their destinations by using other trains. Some will be new riders, attracted by the new routings I have proposed and the new and improved equipment that Amtrak will shortly introduce on certain of its routes.

In addition to the route improvements I have described, and equally important, my report also suggests that Amtrak establish several budget and service-oriented goals that will help both this subcommittee and our Department monitor Amtrak's progress. The first of these, which addresses a concern expressed by the conferees from this Committee in the Conference Report on the Amtrak Improvement Act of 1978, concerns Amtrak's system which has not met rising costs out of receipts from its customers, in spite of increasing ridership. During fiscal year 1978, Amtrak generated 37 percent of its cash expenses out of revenues from the farebox. The remainder was paid by the taxpayers. My recommended route system, as it promises to be operated by Amtrak's new management, will help to have the users pay for the costs of the service being given to them.

I am happy to be able to report to you that Alan Boyd has established a goal of improving the proportion of revenues to costs, from the present 37 percent to 44 percent by fiscal year 1982 and 50 percent by fiscal year 1985. I endorse Mr. Boyd's efforts and I will support him in the achievement of that goal.

My report calls for development of a fare policy aimed at keeping Amtrak's long term subsidy requirements at the minimum level possible, commensurate with maintaining a reasonable level of service. It is a pleasure to report to you that Amtrak's Board of Directors has recently adopted such a fare policy, and that we have already begun to see it implemented. Thanks to these actions, the Corporation's financial expenses will, in the future, be shared much more fairly between the passengers and the taxpayers.

Mr. Chairman, I would like to bring to your attention that Amtrak is expected to comply with the pay and price standards of the President's anti-inflation program. These standards call for a 7 percent limitation on the increase in pay rates and a ½ percentage point deceleration in the average rate of fare increases from the 1976 through 1977 average increase. Because the price standard allows government subsidized enterprises like Amtrak to offset price increases with subsidy reductions (as outlined in Section 705(c–4) when calculating their rates of price change, the fare-

related policies outlined in this testimony are consistent with and in compliance with the price standard.

In response to public testimony presented at hearings conducted last summer by the Rail Services Planning Office of the ICC on my preliminary route system report, I have called on Amtrak to improve the quality and efficiency of the services it offers, and I am recommending one billion dollars in capital funding for improved equipment and facilities over the next five years. To assist this Subcommittee and our Department in measuring Amtrak's progress in improving its services, I have asked the Corporation to develop a set of specific service criteria. Independently, Alan Boyd has reached a similar conclusion regarding the importance of upgrading service, and his management team is already at work developing such criteria.

I hope you share my conviction that the inflation-fighting impact of the $1.4 billion savings proposed in my report, together with the fact that it can be achieved without a major reduction of service to most rail passengers makes a compelling case for allowing the route improvements, I have proposed to take effect. I realize, however, that some have expressed concerns with elements of my recommendations. Let me take this opportunity to discuss with you several of the major concerns that have been brought to my attention.

We all realize that given the uncertainties of the nation's future oil supply, we may well be confronted with an energy emergency. Some have argued that, for this reason, we need to continue to operate those trains that I have proposed to discontinue. I strongly disagree. We must remember that passenger trains consume large amounts of fuel and that they must be heavily loaded to be energy efficient. Virtually all of the trains that I proposed to discontinue are long distance trains that consume large amounts of fuel to pull the dining, lounge and low density sleeping cars found on that kind of a train. These are not energy efficient. They also carry relatively few people. In short distance corridors between major cities, where trains can be energy efficient, I have proposed no significant service reductions. Similarly, on those long distance routes that can attract enough passengers to make the train relatively energy efficient, I have proposed continued service.

We should all bear in mind one other point when we think about the role of passenger trains in meeting any future energy emergency. Although 35 years ago, 75 percent of intercity travelers used trains for their journeys, today Amtrak carries less than three-tenths of one percent of intercity travelers in this country. Substantial increases in ridership as a result of an energy emergency would require an increase in Amtrak's fleet of locomotives and passenger cars that would take several or more years to produce. In the event of an energy emergency during the period between Fiscal Years 1980 and 1982, the short term period we are discussing here today, the hard fact is that the nation's transportation needs would have to be met by a combination of rail service, intercity bus service, mass transit, carpooling, more energy conscious driving, and a reduction in nonessential travel.

It is also important to remember that in spite of cutbacks in poorly patronized passenger operations, the basic track structure will remain in place to support intercity freight operations.

A second major concern I have heard expressed is that I am proposing to cut services that are essential, especially to towns and small cities. I am sure that this view has been expressed to some of you in your constituent mail. In weighing the merits of this argument, several facts must be kept in mind. The most important is that 99 and seven-tenths of one percent of this countrys's intercity travelers do not use the train. To these people, the services I propose to discontinue are clearly not essential. Of the remaining three-tenths of one percent who do use the train, the majority will continue to be accommodated by Amtrak.

My staff has studied each city-pair served by every train that was considered for discontinuance to determine whether the people along those routes would continue to have adequate public transportation available. On all the routes, but one, the analysis showed that most of the people along the route would have adequate bus or air transportation to take them to the same points which the train now serves. In many cases, it was found that the bus and train run on parallel routes, making virtually identical stops. The one exception was the Empire Builder route which runs from Chicago to Seattle and which, despite an expected reasonably high level of ridership, is an expensive route to operate. Analysis showed that 80,000 persons who rode that train during 1978 would have had no other reasonable means of public transportation available to make their journeys. Furthermore, many of these people live in relatively isolated communities in northern Montana and North Dakota with severe weather problems. For these reasons the Empire Builder is included in the recommended route system.

Also, some have claimed that my recommended route system is inequitable, that it provides less service to some areas of the country than it does to others. In reply, I can only say that my recommendations were developed using the population and market criteria required by the Congress, and that the analysis was done strictly "by the numbers." I would also remind those members who may be losing service to their state or district that they are not alone. My recommendations end virtually all rail passenger service to the President's home State of Georgia, and four of the six trains serving my home state of Washington are recommended for elimination. Both the President and I have accepted that outcome because we know it was arrived at impartially and according to the rules.

I strongly believe that the Amtrak route system I am proposing will ultimately provide higher quality transportation in areas where passenger trains make sense, and it will do so in a more energy-efficient manner and at less cost to the taxpayers. I am committed to making the new system work. I think its implementation is essential to the long-term survival of intercity rail passenger service. One key element in achieving that goal is to give Alan Boyd and his new management team more of the stability they have correctly called for, and that brings me to a discussion of the Amtrak Improvement Act of 1979.

This Act is being proposed by Mr. Chairman, with the intent of helping Amtrak to best operate the new route system effectively and efficiently. With the proposed changes, Amtrak's Board of Directors and management should be able to concentrate on improving the service quality and performance of the new route system. The key provisions are a long-term funding mechanism which should improve Amtrak's ability to plan future operations of the system, a clear definition of Amtrak's responsibility for commuter service and the curtailment of the ICC's ability to regulate service. With your permission Mr. Chairman, I will now discuss each of these items separately.

THREE YEAR AUTHORIZATION

A major thrust of my report is an intent to provide stability and predictability for Amtrak in implementing the new system through the mechanism of a three year authorization. This mechanism would also provide the opportunity to review Amtrak's operation of its new network on a systematic basis and would provide us with the opportunity to recommend further changes for each subsequent three year authorization period.

As a further step in sound financial planning and cost control, we are proposing that future appropriations for Amtrak's capital needs be made one year in advance of the year in which the funds will be obligated. This procedure will permit Amtrak to plan its purchases of long-lead time items and materials.

We also propose a requirement that Amtrak transmit to the Department, in connection with the normal; budget cycle, its annual and five year budget recommendations. We view that requirement as a clarification of changes made by the Amtrak Improvement Act of 1978 and believe that it will further contribute to planning and budget stability by bringing Amtrak fully into the budget cycle.

I am proposing a three year authorization of approximately $2.4 billion to meet Amtrak's operating and capital requirements through fiscal year 1982. The authorizations are based on the needs of the new route system which I have recommended. With these funds Amtrak's Board and management will have the flexibility to operate the restructured system and to make it more efficient. However, in order to assure that limited resources are not diverted from the restructured system without sound justification, the proposed Act provides that all future additions and deletions to the system be made in accordance with the Route and Service Criteria previously approved by Congress. In conjunction with Amtrak, my staff will be reviewing the criteria to assure that they are not excessively weighty and time consuming, thus precluding timely action by Amtrak when route changes are warranted.

Specifically, Mr. Chairman, the Administration proposes an authorization of $552 million for fiscal year 1980, $591 million for fiscal year 1981, and $598 million for fiscal year 1982 to cover Amtrak's expenses of operating the new system. The levels are based on the figures in my report. In addition, I am recommending the repeal of the current law which permits Amtrak to use its capital appropriations to temporarily reduce its outstanding debt. This will place Amtrak on the same basis as any other federally supported program in dealing with its cash outlays.

The proposed Act also includes $627 million in capital funds over the three year period. A portion of this amount ($97 million) will be used to make the required labor protection payments as a result of the restructured route system, but the majority of these funds will be used to meet urgent capital needs of the restructured system. I would like to note at this time that the report included a recommendation

for $37 million for the Northeast Corridor purchase in the capital appropriation projections. We are not requesting a new authorization for this item since sufficient funds already have been authorized in the Regional Revitalization and Regulatory Reform Act of 1976. I intend to ask the Appropriations Committee to appropriate $12 million in fiscal year 1980 for the final payment to Conrail for the Northeast Corridor. I will request $25 million to be appropriated in fiscal year 1981 to be used to reduce the section 602 loan guarantee authorization, since the first two Northeast Corridor installments were funded under the loan guarantee program.

As another element of our proposed three year authorization, we are recommending further retirement of Amtrak's debt in the following amounts: $25 million in fiscal year 1980, $25 million in fiscal year 1981, and $75 million in fiscal year 1982.

A contingency authorization for appropriations in an unspecified amount to fund cost increases which are either unanticipated or might result from congressional action on our legislative proposals is also provided. Examples of the cost increases which might occur are those operationg costs associated with a demand for new 403(b) services and those interest costs associated with the repeal of Amtrak's ability to use capital appropriations to temporarily reduce debt.

Mr. Chairman, I firmly believe that a commitment by the Administration and the Congress to the three year program that I have outlined will provide a sound basis upon which Amtrak can improve the Nation's system of intercity rail passenger service. This program is based upon the restructured route system and over a five year period will decrease the need for appropriations by $1.39 billion.

COMMUTER SERVICE

Section 18 of the Amtrak Improvement Act of 1978, which for the first time authorized Amtrak to operate commuter service if it were reimbursed for the avoidable cost of providing the service, contains some potentially troublesome language. Therefore, Mr. Chairman, we are proposing language to clarify Amtrak's responsibility under this authority. In preparing this language we have attempted to draw a parallel between commuter service and state-supported 403(b) service. The definition of avoidable cost would be determined by the Board of Directors of Amtrak just as under section 403(b) the Board is charged with determining the formula for reimbursement. Commuter service agreements, like 403(b) agreements, could only be renewed by mutual consent.

Finally, in order to protect its limited intercity passenger-related capital resources, Amtrak would be barred from using its capital authorization to purchase equipment or improve facilities to be used principally for commuter service.

INTERSTATE COMMERCE COMMISSION

As I have mentioned, the report contains a number of policy recommendations to Amtrak's Board and management regarding the more efficient and economic operation of the restructured route system. At the heart of these recommendations is the need to provide Amtrak with the flexibility to respond quickly to market demand.

In this regard, Mr. Chairman, our proposed bill contains several provisions which would lessen the Interstate Commerce Commission's authority over Amtrak. First, the proposed bill would repeal the ICC's authority to develop and enforce adequacy of service standards. We have felt for a number of years that the prescriptive standards established by the Commission are inconsistent with the policy of placing management responsibility with the Corporation. ICC service standards constitute an expensive external control over Amtrak's day-to-day operation, lead to the need for increased Federal subsidies, and hamper Amtrak's ability to respond to changing demand. It is anticipated that once these regulations are repealed, Amtrak will use the tests of customer convenience and costs versus benefits to determine which services should be provided on which trains.

Second, the proposed bill would repeal the ICC's authority to require Amtrak to institute additional 403(b) service which it cannot afford or which it has judged unnecessary. The recommended authorization for operating subsidies includes a sufficient amount for Amtrak to continue operating all existing and a limited amount of additional 403(b) service. However, if Amtrak is expected to live within its budget, it must be able to refuse to operate this additional service. The ICC should not be permitted to substitute its judgment for that of the Amtrak's Board in this matter. To retain this provision would risk unjustified cutbacks in intercity train operations.

Finally, we have proposed a series of minor amendments to the Rail Passenger Service Act to make Amtrak's day to day operation of the system simpler and more efficient. These amendments include authority for Amtrak to enter into joint fares

and through rates with both domestic and international air and water carriers as well as with motor carriers; establishment of uniform pay dates to streamline a complex accounting nightmare; and a formula for reimbursement to Amtrak by the railroads for the transportation of railroad employees. All of these provisions are explained in detail in the section-by-section analysis of the bill.

That concludes my statement, Mr. Chairman. I will be pleased to answer any questions you or other members of the Committee may have.

QUESTIONS OF THE COMMITTEE AND THE ANSWERS THERETO

Question. In the proposed plan, you have indicated a number of reroutings of existing trains that will, in some instances, require new negotiations with freight railroads. Have preliminary negotiations been made with those railroads to assure that the routings can be established? What additional costs will be incurred by Amtrak as a result of the new routings?

Answer. Preliminary negotiations with the involved railroads are now being conducted by Amtrak. In proposing several new routes and changes to existing routes, the Department assessed available information and made several on-site inspections to estimate the construction costs associated with these routes. That cost was estimated by the Department at $10 million at the time of publication of the route study. The ultimate cost of those connections will depend upon the outcome of negotiations between Amtrak and the private railroads that own the properties involved and would do the work. On-site detailed inspections of the properties are being conducted by Amtrak with assistance from FRA engineering staff. It will be several weeks before an accurate assessment of the ultimate costs can be completed.

If the $10 million estimate proves to be low, we should look first to existing Amtrak capital funds which had been programmed to support the existing system and which will not be necessary to support our recommended reduced system. We have asked Amtrak to quantify both those amounts and the amounts of other capital funds available to the Corportation which are no longer needed for their originally intended use. For example, we know that Amtrak is owed $15 million by the Penn Central Transportation Company and has already received some of that money. We have asked Amtrak to tell us how they plan to spend that money, but have received no response. Until we know both the amounts of those funds and the actual cost of completing the connections, we do not believe it would be appropriate to request additional capital funds for the purpose of financing track connection costs not covered in our analysis.

Question. Amtrak has cited in its annual report to Congress slow orders and maintenance-of-way problems as major contributing factors to poor on-time performance. To what extent has the department used the title V financing program to require improvements in tracks and facilities for rail passenger use in order to improve on-time performance?

Answer. The major factors contributing to poor on-time performance include not only track condition, but also capacity of the track and rail dispatching practices. Some of Amtrak's more serious on-time performance problems are occurring in the Northeast and, of course, the involved railroad, Conrail, is undertaking substantial rehabilitation programs using Federal funding. The major focus of the Department's title V financing has been to provide improved track and facilities for major freight operations, although the presence of rail passenger service on a line is one of the considerations in evaluationg the merit of an application for such assistance. Rail passenger service thus has benefited from title V funding of track improvements on the Milwaukee Road, the Missouri-Kansas-Texas Railroad Company and the Illinois Central Gulf Railroad.

Of course, the railroads have a responsibility to keep track speeds at 1971 track levels and Amtrak has the right to enforce this requirement through the courts.

Question. The Department testified that labor protection payments would amount to $97 million over a three-year period. Another witness testified that the payments could be as high as $300 million over the same period of time. Could you explain how the Department arrived at its figure in light of this conflicting testimony? In the event the payments exceed $97 million, what impact will this have on Amtrak's capital improvements budget?

Answer. The estimate of $97 million for labor protection payments was prepared by Amtrak and accepted by the Department as a reasonable level. It includes $69 million in their first year, declining to $22 million in the second year, and $6 million in the third year. It was arrived at based on the reduction in Amtrak employment from fiscal year 1978 levels to the estimated levels needed to operate the requested system. It assumes the continuation of Amtrak's present employee

turnover rates and some ability of Amtrak to rehire displaced employees who have not, in the meantime, found other employment. We have no information regarding the other witness' basis for the $300 million estimate. It may be noted, however, that the Department's preliminary report estimated that labor protection payments could be from $70 million to $300 million. The $97 million estimate is a refinement of our earlier number.

Question. The Department is recommending a repeal of section 601(a)(2) of the Rail Passenger Service Act. It is estimated that enactment of this provision would result in a $5 to $10 million reduction in Amtrak's revenue base. Has any provision been made in Amtrak's budget to offset this loss?

Answer. The repeal of section 601(a)(2) would have little or no impact on the $552 million estimated need for fiscal year 1980, provided that Amtrak receives the fiscal year 1979 supplemental capital appropriation which has been requested (the interest income on that supplemental has not been included in the $552 million estimate). It will have an impact on the fiscal year 1981–82 estimates, however, and is one of the reasons for the Department's proposed contingency authorization.

Question. Please provide a breakdown of the capital improvements budget request for the next three-year period.

Answer. While we are able to provide a breakdown of FRA's fiscal year 1980 and 1981 spending plan for capital projects, we have not developed a specific breakdown for fiscal year 1982. However, we do project total capital project costs for fiscal year 1982 to be $225 million. The breakdown for fiscal years 1980 and 1981 follows:

DETAILS OF FRA'S 2-YEAR SPENDING PLAN (DERIVED FROM INCOMPLETE DATA FURNISHED BY AMTRAK MAR. 9, 1979)

	1980	1981	Total
Motive power	36.0	56.5	92.5
(AEM–7 locomotives)[1]	(35.2)	(54.0)	(89.2)
(Other improvements)	(0.8)	(2.5)	(3.3)
Passenger equipment	19.1	44.9	64.0
Head-end power conversions	(19.1)	.....	(19.1)
Conversions to release Amfled[2]	.....	(12.4)	(12.4)
Other (includes handicapped access in 1981)[3]	.....	(13.5)	(13.5)
Upgrade/replace cars[4]	.....	(19.0)	(19.0)
Maintenance facilities	13.6	37.0	50.6
New routes[5]	(2.0)	(2.2)	(4.2)
Car and locomotive shops	(11.6)	(13.0)	(24.6)
Other repair facilities [6]	(–)	(21.8)	(21.8)
Stations and other facilities	14.5	44.6	59.1
New routes	(3.6)	(–)	(3.6)
Systemwide improvement [7]	(9.1)	(11.6)	(20.7)
NEC improvements [8]	(–)	(28.9)	(28.9)
Other (computer, handicapped, access, etc.)	(1.8)	(4.1)	(5.9)
Right of way	18.8	20.0	38.8
Route Structure	(10.0)	(–)	(10.0)
NEC Spurs	(8.8)	(9.1)	(17.9)
Systemwide [9]	(–)	(10.9)	(10.9)
Total	102.0	203.0	305.0

[1] Reduction of $27.1 million in 1980 due to changed NEC requirements.
[2] Includes deferral of $8.8 million from 1980 to 1981.
[3] Includes deferral of $2.0 million from 1980 to 1981.
[4] Funds lower option on upgrading vs replacement of passenger cars.
[5] Includes deferral of $2.2 million from 1980 to 1981.
[6] Includes deferral of $7.3 million from 1980 to 1981.
[7] Includes deferral of $2.8 million from 1980 to 1981.
[8] Includes deferral of $10.0 million from 1980 to 1981.
[9] Includes deferral of $8.8 million from 1980 to 1981.
[10] Includes deferral of $9.8 million from 1981 to subsequent year.

Question. How many trains is Amtrak operating under the 403(b) program? What is the history of losses associated with these services?

Answer. Amtrak operated 11 trains over nine routes under the 403(b) program in fiscal year 1978. Following is a table showing the financial performance of 403(b) services in fiscal year 1978.

Fiscal year 1978:	*In millions*
Avoidable cost	$19.7
Allocated fixed cost	4.3
Fiscal year 1978 total costs	24.0
Less revenue	9.1
Less State contributions [1]	6.8
Federal subsidy	8.1

[1] 50 percent of "solely-related" loss.

Since there were 11 trains operated, the average 403(b) train incurred an avoidable subsidy need of $345 thousand, and an allocated subsidy need of $740 thousand in fiscal year 1978.

Question. In your proposed authorization for appropriations, section 8 paragraph (D) on page 7, you propose what in essence is an open ended authorization to cover "unanticipated cost increases." What costs increases do you feel might arise that cannot be accurately projected now? The Commerce Committee has traditionally held such an authorization in disfavor. What would the Department suggest to be an adequate level for a fixed authorization figure?

Answer. Potential cost increases include amounts for new 403(b) routes, amounts to compensate Antrak for lost interest due to the proposed repeal of section 601(a)(2), unanticipated operating cost increases associated with putting the new system in place, and other unanticipated inflationary cost increases. We are providing fixed authorization figures in separate correspondence with the Committee.

Question. I notice that the recommended route system includes service between Kansas City and Denver. This service proposal was contained in Amtrak's 5-year plan which was published in late 1977. How many proposals, recommendations, or modifications advocated by Amtrak in their 5-year plan were incorporated into this restructure?

Answer. Amtrak's 5-Year Plan advocated direct service between Washington and Pittsburgh via Cumberland, which is incorporated into the restructured Broadway Limited. Further, while it was not analyzed in the context of the Broadway Limited routing, Amrak also advocated direct service between Pittsburgh and Cleveland which likewise is a component of the restructured Washington/New York-Chicago service.

While not listed in the 5-Year Plan, Amtrak has conducted a preliminary review of a western consolidated train known as the "City of Everywhere" which would operate from Chicago to Oakland with separate legs operating from Ogden to Los Angeles and Ogden to Seattle. The Department's requested Chicago-California service incorporates the Ogden-Los Angeles leg of that train.

Question. Before the route restructure was ever contemplated, Amtrak was allowed to enter into firm contracts for the purchase of many new double-decker trains that were to be dedicated for service in the west. What is the status for delivery on these cars? Will there still be a western service network that will make adequate use of these cars?

Answer. The new superliner bi-level cars being produced by Pullman Standard Incorporated have just begun to be delivered to Amtrak. The most recent delivery schedule calls for the last of these cars to be delivered during Fiscal Year 1981. We expect the recommended route structure to make adequate use of these cars.

Question. Many of those who advocate retaining the present system or a system larger than proposed by the administration have charged that OMB first came up with a subsidy figure and the route structure was designed to fit into the specified monetary boundaries. I think it would be most useful to our committee if you would describe where the figure of $552 million for operating subsidies came from and how it was computed.

Answer. The recommended operating subsidy level of $552 million was proposed by the Department in its FY 1980 budget submission to the Office of Management and Budget (OMB) as an appropriate level of funding for Amtrak when measured against other transportation funding needs. OMB proposed a reduction in this funding level to $452 million. The Department subsequently appealed that reduction and received a full restoration of the originally requested amount.

Question. In your estimation, how many states will make overtures to Amtrak to operate "403(b) service"? What might be the maximum and minimum range of matching funds which the Federal Government will be responsible for?

Answer. We understand that Amtrak presently has six pending applications for 403(b) services. We are unaware of other states which may be actively pursuing participation in this program. We have suggested that 403(b) service may be a viable option in cases where we have recommended discontinuing certain trains in the present system. The amount of money which the Federal Government will be responsible for providing to match such services depends not only on the number, but also the nature of the services requested.

Question. Mr. Secretary, it has always been clear since the beginning of the 403(b) program that the States were to be encouraged to initiate service and take an active role in trying to prove the ridership potential and viability of the route. It appears that your proposal to repeal section 403(b)(2) of the Rail Passenger Service Act may inhibit such service in some States by preventing them from taking their case to the ICC if Amtrak turned down a 403(b) contract. Please detail the Department's rationale for recommending the repeal of section 403(b)(2).

Answer. Let me emphasize that the repeal of section 403(b)(2) is not intended in any way to discourage the States from initiating 403(b) services. Preventing the States from taking their case to the ICC will not inhibit such service, rather the ability to provide this service will be determined by Amtrak's fiscal resources. I would like to point out that I have proposed a contingency authorization for Amtrak's operating subsidy to insure adequate funding for 403(b) services.

The reason that we are recommending repeal of 403(b)(2) is to prevent the ICC from substituting its judgment for that of the Congress and Amtrak's Board in determining which is the best service that can be provided within the funds authorized and appropriated by the Congress. If the ICC is authorized to order additional 403(b) service, and 50 percent matching funds are not available, Amtrak must either cut other services or come up with other funds. The first alternative is unacceptable in that Amtrak must either cut other 403(b) service, which is difficult because of the contractual nature of this service, or it must cut national services, which is ludicrous since they are the basic Amtrak services. The other alternative is equally unacceptable, as it would force Congress into providing supplemental appropriations to insure the continuation of basic services. This is a position which the Administration and the Congress have been trying to avoid.

Question. The issue of railroad rules has always been an extreme source of frustration when cost figures are factored out for rail freight and passenger service. It appears that more than 65 percent of Amtrak service is for personnel. For instance, the Southern Crescent used as much as eight crews to make one trip from Washington, D.C. to New Orleans. Last year the vice president of the Southern Railway testified before this committee and suggested that only three crews were really needed to make the 24-hour trip. Do you foresee any changes in the work rules on the horizon that will reduce the amount of crews needed to make these runs in the future? Has any headway been made to rationalize the work rules thus far?

Answer. Changes in work rules to reduce train and engine crews will require extensive dialogue between management and labor. We agree that this a fruitful area for pursuit, and Mr. Boyd had indicated his commitment to working with the railroads and labor in a cooperative effort aimed at long-term modifications.

Question. It is estimated by the Department that around $69 million of the funds for capital improvements in the restructure would be used for labor protection. Are you able today to give a more precise figure? Why was the decision made to put the labor protection funds in the capital budget instead of the operating category?

Answer. Arriving at an exact estimate for labor protection payments is difficult for two reasons. First, employees have various options available and, second, Amtrak has never experienced an adjustment of this magnitude. We feel, however, that the $69 million estimate is accurate within plus or minus $10 million. Insuring the responsible expenditure of Federal funds for labor protection will require extreme vigilance on the part of the Corporation. Labor protection funds were included in the capital budget instead of the operating category because, like capital, they

are viewed as one time expenditures to provide an improved system, rather than as meeting continuing year-to-year costs.

Question. A manufacturer in the last year designed and put into production a self-propelled car. It would seem that this particular vehicle, designed to operate with only one crewperson, might be instrumental to Amtrak in operating over traditioanlly low density passenger routes at a fraction of the present cost of a full consist of seven cars and as much as six operating personnel. It would seem that several of these vehicles could operate over low density areas and act as a gathering service to feed longer distance conventional trains. What research, testing, experiments, or investigation has Amtrak/DOT done with regard to this idea? Do you have any costing figures available? It would seem that several states might utilize this concept as a substitute for the conventional 403(b) subsidized train approach.

Answer. Amtrak is in the final stages of negotiating an agreement with the State of Connecticut which will significantly improve the level of rail passenger service offered within the State. The State will be purchasing new self-propelled rail cars for Amtrak to operate on a service that currently has outdated equipment.

Amtrak and the Manufacturer are participating in joint economic studies and operational tests of this self-propelled vehicle known as the SPV-2000. The preliminary results of the economic studies as related to capital and operating costs have indicated that the operation of the self-propelled vehicle is generally cost-efficient compared to a locomotive hauled train when the consist requirements are two cars or less. Hovever, the self-propelled vehicle cannot be assigned to routes based solely on the average consist requirements for any of the following reasons:

Railroads, such as the AT&SF, will not allow the operation of self-propelled vehicles over their tracks.

Railroads, such as the ICG, require at least three cars in each consist to insure that signals and grade crossing protection are activated. The economics justifying the purchase and operation of the self-propelled vehicle are eliminated in this situation.

The assignment of non-standardized equipment to an isolated route impacts the ability to maintain the equipment in an economic manner.

It should be mentioned that a so-called full consist of seven cars is not operated in low density areas. The particular consist operated on a locomotive hauled train is adjusted to provide a minimum amount of equipment to satisfy ridership demand. At times this means that as few as two cars are operated in a consist with a locomotive. Also, current railroad union agreements require the assignment of an engineer, fireman and conductor to the new self-propelled vehicle as compared to the one crew-person mentioned in this question. Furthermore, under some labor agreements a second self-propelled car requires a second trainman, that is, a total of four crewmen.

The operational tests of the self-propelled unit have indicated that it can be modified to operate in a locomotive hauled train consist with Amfleet cars. The final decision to operate this type of service must be based on consideration of the cost of providing compatible electric power and communication lines, car diaphragms and high speed transmissions that will function properly when the car is being towed at high speed. It should also be noted that for lightly used rail services, a bus would provide more cost effective and energy efficient service.

Question. It appears that the recommended route system will show an increase of 32 passenger-miles per train-mile from the current level of 141 to 173 projected in the recommended restructure. How many of the excluded routes in the present system have passenger-miles per train mile figures in excess of the current average of 141? If there are any, what was the rationale for excluding these lines?

Answer. There are only four trains excluded from the recommended system which have passenger-mile per train-mile loads in excess of the average of 141 passenger-miles per train-mile. Two of these trains operate on the New York-Florida service which, on an absolute basis, loses more money than any other route in the system despite good ridership. We expect that passengers on the two trains being eliminated will be partially diverted to the remaining services.

The Southwest Limited is being rerouted and combined with the San Francisco Zephyr. This combined route will retain three of the five major markets on the Southwest Limited, and thus will still continue to provide service to the bulk of the riders on this train.

The Montrealer's ridership estimate is somewhat inflated due to the fact that it provides intra-Northeast Corridor service, and on this portion of its run, carries much higher loads than on the portion being recommended for elimination. In addition, the costs on this train are higher than the average system.

Question. In the 1960's, Sikorsky Aircraft was commissioned to build what was later to be known as the "Turbo-Train" at a substantial cost. The trains were equipped with turbine engines that later plagued the operating railroads and the Department of Transportation who commissioned the project. At least one of those trains is sitting on Amtrak's siding in the vicinity of New York Avenue. Via-Rail, Canada's Amtrak counterpart, bought two sets, removed the turbine engine guts and replaced them with a conventional diesel engine. Canada claims both sets are very popular with riders and have been relatively successful. Where are the rest of these turbo-trains? Who owns them? Why haven't we followed Canada's lead and rehabilitated that train that is just rusting away on a siding behind Union Station?

Answer. The Federal Railroad Administration originally bought the experimental Turbo-Trains eight to ten years ago. These were built by Sikorsky Aircraft (now United Aircraft). Amtrak now owns these trains. These experimental trains performed poorly and required extensive, costly maintenance. They were originally used between Boston and New York, but are currently out of service. Amtrak has been trying to sell them, and although Canada has expressed some interest in purchasing them, they have not been sold.

These trains have not been rehabilitated because Amtrak's Engineering Department has estimated it would cost more than $5 million to put them back in operation and it would be cheaper to buy new diesel locomotives.

Amtrak currently uses Turbo-trains between New York and Albany and on the Chicago-to-Detroit and Chicago-to-Milwaukee routes. The Turbo-Trains used in the Chicago area are French made and the ones used in New York are from Rohr Industries, based on a French design. They have proven generally satisfactory in their current use.

AFTERNOON SESSION

Senator LONG. Next, we will hear from Mr. Alan Boyd, the National Railroad Passenger Corporation's president.

Mr. Boyd, we are very pleased to have you with us. Please give us your statement.

STATEMENT OF ALAN BOYD, PRESIDENT, NATIONAL RAILROAD PASSENGER CORPORATION

Mr. BOYD. Thank you.

It's a pleasure to be here today. I can go into my testimony at any length and would be glad to do so.

Senator LONG. We will print your entire testimony and you can summarize.

Mr. BOYD. This is my first opportunity to participate before this committee as president of Amtrak. It comes as no surprise to the members of the committee to know that Amtrak is heavily subsidized and so forth. I think many characterizations are not necessarily correct.

However, it's a true statement, I believe, that we should look at Amtrak as you would look at Greyhound if Greyhound were in 1979 operating with the latest model 1950 buses, or if United Air Lines were operating in 1979 with the latest model DC-6 aircraft.

That is exactly the situation we are in. I say that just to underscore the point that we are not giving good service over much of our system today.

That has led to the restructuring which Congress required of the Department which led to a budget mark of $552 million. In that connection, Mr. Chairman, I would like to commend the DOT for a very fine effort.

I don't know that I necessarily agree with the conclusions but I certainly want to give them "A" for effort.

They worked long, hard, conscientiously, and intelligently to come up with a restructured route system.

In connection with that, it is Amtrak's guess that the map you have can be operated as recommended for a subsidy payment of $552 million in fiscal 1980. We agree that the system will probably produce revenues in the amount of $325 million.

By consolidating our structure to match our resources, we agree that a reduced route system will enable us to provide better service.

We agree rail passenger service should be national, efficient, and should be used more intensively. But the real issue is not the route structure. It's the policy of whether or not the Congress—I should say the people of the United States—want to have a national rail passenger service.

And the ultimate issue is what system will give better service to the existing and potential market for a national rail passenger network?

In that connection, it's the resources that drive the decision. I tell you, Senator, we are a corporation that is spending about $1 billion a year, of which a substantial part comes from public funds.

We have to know where we stand. You can't move a $1 billion corporation around the way Amtrak has been shoved and shifted since it became operational.

It has been in operation 8 years now and at least every 2 years, it has undergone a major crisis of one kind or another.

There is no future in that. We can't operate with 1950 model passenger equipment. I should say the worst thing that could happen to Amtrak would be to leave us with the system we have today because there is no way we can improve the quality of our service by any order of magnitude with the existing equipment and facilities that are available to Amtrak today.

Now, the issues are just exactly the same issues that most people thought had been answered in the beginning of Amtrak.

Why have an Amtrak? How big? How much will it cost? What is the public benefit? Where does it fit?

DOT attempted to answer that. There are a number of benefits, social as well as economic, that have to be weighed in measuring the value of spending public dollars.

You know what these benefits are. I have stated them in my testimony.

There was quite a bit of discussion this morning on energy. I would like to point out that if the measurements had been made on energy against the 1950 model buses or the 1950 model airplanes, there would have been a completely different picture than you received today. What we should be looking at in terms of energy is the potential.

Now, the energy requirements of Amtrak today are based on hauling around a lot of broken down equipment which is totally inefficient.

Our potential is superior to that of other modes of transportation.

In order for Amtrak to be viable, we have to get to the policies set forth in the statute creating Amtrak—that it should be a modern, fast, comfortable service.

I talked about our average age of 28 years for our equipment. That is not very modern.

Fast or reasonably fast train is 60 to 90 miles an hour. Our average systemwide speed today is 45 miles an hour—10 miles an hour less than is permitted on the Interstate Highway System.

Comfortable—comfort is a combination of good rolling stock and well-maintained track. We don't have enough of either.

I am sure that this committee gets tired of hearing about subsidies.

I won't belabor the point except to tell you that the U.S. Conference of Mayors is about to issue a study detailing the Federal Government's involvement in subsidies to all modes of transportation since 1971. We have a table in the testimony which points that out.

The point is that Amtrak is not taking a great deal of the public's money. The argument is whether the amount it's taking should be spent. But it's not a terribly large amount of money in the context of the subsidies paid to all forms of transportation.

I would point out that throughout history, there has been no transportation that was not subsidized to some degree by the Government.

Whatever Amtrak's route structure, the public must be offered service that is safe, reliable, comfortable, and convenient. It should be economic both for the passenger and the Government within the context of subsidies to all transportation.

Amtrak believes the route restructuring process is essential. However, if it leads to still inadequate service operated over a smaller system, then the public will not be well served.

We feel very strongly it's a management function to determine frequencies, routing between end points, onboard services, train consists, schedules, and fares.

Amtrak is committed to respond to the legislative directive to use innovative operating and marketing concepts.

Amtrak has pointed out that ultimately the Congress must establish priorities for routes and service, an optimal basic network.

Amtrak should be vested with authority to make additions to or deletions from the network using route criteria developed by the Board in 1975 and approved by the Congress.

We are currently refining those processes. In that connection, I would say that the Board has adopted the policy that minimum service should be daily service.

There are two routes, the Sunset Limited, between Los Angeles and New Orleans, and Empire Builder, Chicago-Seattle, that are to be operated on a 3-day-a-week basis under the DOT route restructuring.

The absolute cost increases when you go from 3 days a week to daily service. I don't want to mislead the committee on that. However, the service to the public is far greater than the incremental cost in the process.

What I am most concerned with here is the principle of management flexibility as well as precise routings.

We also have problems with the proposed reductions in the New York-Florida service. We operate three trains a day now carring over 700,000 passengers a year. There is no way we can carry them

all on one train. I would also like to point out that in the route restructuring proposal, the reductions were made outside the Northeast corridor so the impact is totally outside the corridor.

We are committed to operating as if for profit. There was a lot of discussion before the committee this morning about a profitable operation.

I don't know how to make it profitable at the moment. I don't know any railroad anywhere in the world that is profitable. There are differences, as Senator Schmitt pointed out, but our commitment and our fare policy is to charge on the value of service. To put that in plain terms, how much will the traffic bear? That is what we are trying to find out. That is what we are charging. It's a continuing proposition. There is no way you could set a definite pattern and say it will be so much today. It's a mix of what are your costs, revenues, and what is the competition doing?

In terms of competition, I would like to say that everything I have seen indicates that Amtrak is generally irrelevant to the bus industry. The bus industry has been on a downtrend since I first become acquainted with it in 1955 and it continued down in 1971 when Amtrak started, when half the trains in this Nation were taken off.

There is relatively little impact of Amtrak on the bus companies. Their problems are bigger than Amtrak's. I wish we could be a problem to them. Our competition is the automobile. It's just that simple.

We feel that Congress should establish a systemwide average speed goal for Amtrak in excess of that on the interstate highways. If we can't get to a 55-mile-an-hour or better speed, I question the wisdom of having a rail passenger service.

I would like to talk a bit about commuter service. Last year, the Congress authorized Amtrak to operate commuter service. Several commuter agencies have requested us to undertake that service. The maintenance of current commuter fare levels, equipment and maintenance needs, and coordination of operations are all issues which require additional funding.

For Amtrak to enter into commuter rail contracts, full reimbursement for total cost must be provided. There is no way a loss operation such as Amtrak can cross-subsidize the commuter operations.

It's just that simple. Also, we need some time. If we are going to get into this, we need time to do it intelligently. Amtrak feels the 403(b) State service program worked well and, for the six States currently participating, provided rail service that would not otherwise exist.

While the DOT restructuring report suggests States should undertake a larger role in providing financial support, unfortunately, unless some current service is canceled, Amtrak will not have funds to match any new State service.

With a total of 40 States either losing or having no rail passenger service under the restructured system, it's important that some means be found for States to substitute State-supported service if they desire.

Amtrak recommends that Congress consider other measures to enable either individual States or groups of States to continue or

initiate marketable service or increased frequency on an appropriate matching basis.

The DOT report recommends a 3-year authorization. Amtrak welcomes this type of response to our need for financial stability.

However, the annual authorization levels are based on a number of assumptions which must come true in full measure to enable train operations to continue under the restructured system.

We believe that we can operate the recommended system in fiscal year 1980 for the oerating subsidy requested. We can't, on the other hand, predict with any degree of certainty how long revenue, ridership, and cost projections will hold 2 years from now.

This is why Amtrak has suggested a contractual relationship with the Government as the best way of guaranteeing that agreed upon service can be financed.

We are now developing a detailed analysis of how such a contract could be implemented for fiscal 1981–82 and beyond.

Long-term stability must be established if Amtrak is to institute reasonable corporate planning and management controls to assure long-term financial accountability and cost containment. The key to this is a multiyear authorization similar to that recommended in the DOT report.

From its inception, Amtrak has had serious equipment problems. In part, this results from the existence of a very limited equipment supply industry.

Uncertainty resulting from annual authorization cycles has complicated long-term capital planning.

To provide a basis for advanced planning without unduly compromising either congressional branch or fiscal options, Amtrak recommends the Congress authorize capital appropriations to be made 1 year prior to when such appropriations may be obligated.

Amtrak can't provide the quality of service Congress and the public expect with inadequate or obsolete facilities and equipment. Significant improvements have been made on a continuing basis, yet much remains to be done in every area where capital is required.

And I would like to say here, Mr. Chairman, that we had discussions this morning on fuel efficiency. What happens if there is a fuel crisis?

What Brock Adams said is absolutely correct. With the equipment and facilities Amtrak has today, it's not a reed to lean on.

There is no short-term energy benefit to come from Amtrak, except to the extent that our trains are completely filled. They will then, obviously, be more efficient than they are now.

What we really need is new equipment to provide service and energy efficiency for the long term. That takes time. There are only two manufacturers of rail passenger equipment in the United States today. Indications are that one of them may get out of it. Moreover, there is no rail passenger technology work going on in the country today. Everything in the way of design and engineering in the rail passenger field is going on in Europe and Japan.

Amtrak has two other concerns relating to capital expenditures.

The first is funding of labor protective payments necessitated by the restructuring of the system. For Amtrak to solve its equipment

problems, it's important that such payments not be deducted from available capital funding as recommended in the DOT report.

Second, Congress should recognize that the actual cost of making the track connections required by the new system can only be estimated at this time. We don't know what that figure is. We have a range of between $10 and $40 million at the present time.

Further, in assuming October 1, 1979, will see the startup of new operations, the DOT report overlooks the real possibility that not all railroads will be in a position to permit operations of new routes on the schedule proposed or at the cost levels contained in the funding.

The need for track connections and other modifications require unavoidable lead time in many instances. The operating railroads cannot be expected to initiate physical change until the nature of the restructured system is finally determined—after the completion of congressional review.

Amtrak recommends that Congress consider a possible funding problem in connection with continuing service on those routes designated for abandonment pending the completion of necessary construction on the proposed restructured routes.

Since this committee last considered Amtrak, the corporation has a new management—for better or worse, a new President and Board of Directors with new members. Amtrak management is totally committed to providing the type of public service which the Congress directed. The Board has adopted a mission statement which has been provided to the committee. We have instituted new procedures to address our most pressing problems, equipment and on-time performance. We have adopted a goal of substantially improved ratio of revenue to costs and have a fare policy geared to achieving that. We have consolidated functions and cut back personnel. We recently cut over 12 percent from our headquarters staff, for example.

Various sources expressed the view that significant money could be saved if Amtrak observed more prudent management practices. After 8 months as Amtrak's President, I am convinced this is a misconception.

The extent to which Amtrak must buy services from the railroads, the aging condition of equipment and facilities, impact of industrywide labor agreements on manning levels, work rules and pay rates, again, along with some lesser cost areas, tie Amtrak costs almost completely to the route structure, train frequencies, and quality of service.

Given these requirements, there is very little management flexibility to reduce costs.

In that connection, I would like to refer to something I read in a report of the Organization for Economic Cooperation and Development published in 1977, on the future of European passenger transportation:

> The share of the market in which the railways are competitive will continue to shrink unless they too can raise their standards. The economics of scale in the operation of railways are such that there is a minimum level of traffic below which it becomes increasingly difficult to operate at a profit and the costs of labor and energy, as the cost rises, this minimum level tends to rise too.

I would like to say, Mr. Chairman, that if you look at Amtrak as a body, you have to have the trunk in order to do business. You have to have your mechanical departments, your finance departments, your lawyers, your salesmen, your labor and personnel people, and so forth. That is the nut that must be covered. For a system of any size, it has to be covered.

And you don't start spreading those costs until you start adding arms and legs. If we were a centipede, our overhead costs, the economies of scale would make our overhead costs minimal on a unit basis.

But we are almost a quadraplegic at the present time and our costs are very high. Put simply, there is not much to cut, if we will stay in business.

I don't mean to imply that there is no room for improvement. There is always room for improvement. We are doing it every day.

Since the January 31 release of the route recommendations, there have been thousands of reactions, particularly from those who would receive reduced service or no service after the proposed system is in place.

As I am sure the committee is aware, the targets for the criticism varied from Amtrak to DOT to the Congress, the Administration, the railroads, unions, and in some cases, to potential passengers who just haven't used trains.

I think the very fact that the public perceives these entities as scapegoats only confirms in my view the absolute necessity that we need a total commitment to operate a national rail passenger system.

If the committee is hesitant or tentative, or if we cannot now provide better service over whatever route system, I personally believe it would be better to close Amtrak now and do it cleanly.

For the reasons stated in my testimony and in the Board's mission statement, we do believe there is a need for national rail passenger service, but we also believe that whatever reductions are made to the system, be it the DOT plan or something that approximates that system, we must have the resources to implement and to operate it well.

I would like now to comment on the bill that has been presented to the committee.

We have worked with the DOT to a large degree in connection with this bill.

We have talked about the route and service criteria. In addition, we recommend the following:

Amend the term "security guard" to "railroad police." There is a rationale for that in the analysis.

Exempt the Corporation from the current requirement to secure advance approval of the ICC before entering into loan arrangements with the banks. That legislation had nothing to do with Amtrak.

Authorize through routes and joint fares with air and water carriers, as well as motor carriers in both domestic and international routes. A number of cruise ships operate out of the Florida ports. We think we could tie in with them.

Have authority to establish a uniform pay cycle to improve pay frequency and timeliness and reduce processing time and adminis-

trative cost. We are now paying employees in 44 States, and we are dealing with 34 different plans. We have talked to labor and labor is satisfied with this, as I believe one of the following witnesses can tell you.

Statutorily establish Amtrak as doing business in each State to avoid the need to annually file a certificate of incorporation in each State.

Amend the free and reduced fare transportation provisions in the law to require compensation by the railroads at a rate representing 50 percent of the average monthly yield per revenue passenger mile for Amtrak service. We feel their payment should be in lieu of any charges for liability incident to travel by persons eligible for free or reduced rate transportation and other costs incurred by Amtrak.

This provision, if in effect in 1978, would have brought us $6.5 million—not a great deal, but we are trying to find money wherever we can.

Repeal section 801 regulatory authority of the ICC. Amtrak should be responsible for monitoring and improving its own quality of rail passenger service.

There are several provisions of the DOT bill which are objectionable to Amtrak.

I have discussed these with Secretary Adams.

Section 8(1) of the bill would repeal a paragraph from section 601 of the current law which gives the Secretary authority to make our capital grant funds available on a quarterly basis. Since Amtrak borrows from the Federal Financing Bank, this repeal would add significantly to Amtrak's operating grant requirements.

An Amtrak capital grant is normally spent in 3 years. Assuming the funding levels in the bill, the interest savings from quarterly availability of capital grants over the next 3 years is about $42 million—if we continue doing what we are doing now, that is.

I object most strongly to this, Mr. Chairman. What the amendment is saying here is, "We are going to add $42 million to your deficit. We will appropriate for that."

At the same, I have made a commitment to Brock Adams before this thing came out that we would get our deficit to 50-50 in 5 years. Yet this is being loaded on top of it. It's not costing the Government anything. It's making it that much more difficult for us to achieve our commitment. It doesn't make a bit of sense to me for Amtrak.

Senator LONG. What is that particular thing you mentioned?

Mr. BOYD. Section 8(1). That eliminates the capital grant availability on a quarterly basis, which we have been getting, and would put it on a basis that after we had committed to buy a locomotive or something and General Motors said, "We want our money," we would go to DOT and say, "We need more money for the locomotive."

Now, we can borrow and put some of this money to use and get interest on it and save interest in the process, where instead of having the extra interest appropriated to us, what we do is use it for our working capital. That is what it really boils down to.

Section 8(3) of the DOT bill could subject Amtrak to the Budget and Accounting Act of 1921, as amended. Amtrak has no quarrel

with the existing requirement of submitting its budget through DOT. We are doing that now. I feel, however, this provision would go beyond that and would treat Amtrak as a Federal agency by requiring review of our testimony.

Amtrak is not a Federal agency and it shouldn't, in my view, become one. We will continue to submit our budget requests through DOT and live with the outcome. We are not in the business of submitting our own legislative proposals or trying to bust the budget through any back-door approaches to the Congress.

Review of testimony or other concerns of Amtrak impinging on management or operations is something else and is separate from the budget process.

I submit to you, Mr. Chairman, that if you want to make Amtrak a Government agency, fair enough. That is your decision. But I don't want to see it done through a process like this. If this legislation becomes law, the first thing that we will be asked to do is send a draft of our testimony to OMB and we will be told whether we can use it. As long As we are a Corporation, I don't propose to accept that.

I have already mentioned our concern regarding the funding of labor protective payments from capital fund.

I thank you for your time. That completes my testimony.

Senator LONG. Let me ask you this: What is the fastest speed being achieved by any railroad operating in the world today?

Mr. BOYD. Approximately 125 to 150 miles an hour.

Senator LONG. Where is that being done?

Mr. BOYD. I believe that some of the Japanese trains are doing that. The British have a train which will shortly be doing that. The Germans have one that is either in operation or soon will be. The French have one that will be faster than that when it begins operation in 1980.

Senator LONG. What is that expected to make?

Mr. BOYD. That will be close to 200 miles an hour.

Senator LONG. Some years ago, a man who was an aerospace engineer told me that he felt that the most neglected part of our transportation was surface transportation. He was talking about rails. He said that where you possess the right-of-way, it is all yours, you have total possession of it, you should be able to design something that would make something like 200 miles an hour and that if you can provide a surface transportation system, particularly if you take the heavily traveled areas, and have it moving at 200 miles an hour on the surface, you can provide a tremendous service and have a chance to make money at it.

I see you nod because I think you understand what I am talking about. Nobody is talking in those terms now over at Amtrak. But it seemed to me that your statement is correct, and if I understand your statement correctly, also, your view is that if all we will do is piddle around at 45 miles an hour, the sooner we get out of the business, the better off we will be.

You can't compete with the automobile or plane or—you can't even compete effectively with a good bus service at 45 miles an hour, can you? Well, maybe.

Mr. BOYD. We do in the corridor. Elsewhere, I would guess we are probably close. That includes stops.

Senator LONG. But as far as competing with the automobile and the airplane at that speed, you are just not an effective competitor.

Mr. BOYD. Generally, that is right.

Senator LONG. Has anyone discussed with you whether it would be possible to experiment somewhere to see if we could move something at somewhere between 150 and 200 miles an hour and provide a service to American people at that speed?

Mr. BOYD. No, sir. Nobody discussed it with me.

Senator LONG. I regret to say that I am the first.

Mr. BOYD. I feel privileged to have this conversation.

Senator LONG. To me, if we want to render a service, that is what we ought to be thinking about doing. We ought to be thinking about trying to provide a high-speed service, particularly in the corridor between here and Boston.

That would cost a lot of money. And you mentioned subsidies. You are concerned about the people being tired of hearing about subsidies. I don't think they are tired of hearing about that if they will get something good for their money. They are tired about subsidies for some wornout broken-down thing that should be shut down.

As far as subsidies we spend developing an airline service in this country, do you think people feel that was money wasted?

Mr. BOYD. No, sir. If you did the same thing for the rail passenger service, you would have the same result. In certain portions of the country. Now not transcontinental or anything like that.

But I want to say to you, Mr. Chairman, as I see it, the rail passenger service is an infant industry, just as the airlines were in the 1930's. We are trying to be like a phoenix coming out of the ashes of a totally different rail passenger service.

Yet, we have not the resources to do it.

Senator LONG. Some Japanese talked to me a while ago about the technology in Japan. They are not even using it there but developing the technology for it. I think you know what it is. They would move a car by the electric magnet system, moving it from one to the other, and are talking about more than 200 miles an hour.

Can you tell me a little bit about that system of transportation? It is in its infancy, but if you want to go fast on the surface, that is how you would do it.

Mr. BOYD. That is magnetic levitation. The difference is that you have a blanket of air between the vehicle and the rail, the guideway. Whereas, with the steel wheel on the steel rail, the theoretical maximum you can get, at least as I understand the laws of physics, is slightly more than 200 miles an hour steel wheel on steel rail; 230 miles per hour maybe, something like that.

But when you get up to where you are not touching, then it is just a matter of how much of a fire you put into that thing. It can go.

Senator LONG. My wife was privileged to break a bottle of champagne a while back on a boat being developed down in New Orleans. The principal power unit is not to push the boat but to push air beneath the boat. It rides on a cushion of air far faster than anything available in the area. Those things can be built so they don't even touch the water but zoom on top of it. If you have a

fairly level stretch of water, I would think they could make that go as far as you want. Almost outrun a plane.

Mr. BOYD. It is a matter of how much power you put in it. It is the same principal. You are eliminating the friction. You are eliminating the vehicle having to move along or in another element.

In one case, the track. In the other, the water. Then you change the whole regime.

Senator LONG. Aren't they using that principle—I was never on it—in the ferry boat between England and France going back and forth against the Channel?

Mr. BOYD. Yes, sir. A hovercraft.

Senator LONG. It doesn't actually ride in the water as much as over the water.

Mr. BOYD. It rides over the water and has rubber curtains on the side to hold the air in.

Senator LONG. That is something like what my friend has in the boat he asked my wife to christen. The techniques that work on water, in one way or another, can work on land, but the kind of thing those Japanese were talking about is at least a faster transportation system because the object is moved, I would take it, above the ground. It is not touching the ground. It is being moved by electric current.

Mr. BOYD. That is right.

Senator LONG. Now I would think the American people would be thrilled if we could talk to them about experimenting with that type of transportation. The Japanese wanted us to develop it to try it between here and Dulles Airport. You could do it anywhere where you can get the right-of-way. I would like to see us think in terms of doing something.

Now I think with all the complaint about the Metro, it looks to me like we have a better investment now there than in Amtrak.

Mr. BOYD. That is probably true. There, you have a new system that costs about $6 billion. That is why I feel so strongly, Mr. Chairman, that if the public is not willing to allocate the resources to Amtrak to operate well what we have today, there is not much point in it.

Senator LONG. It was my offhand impression—and I don't like to see any service discontinued in any part of the country—incidentally, one of the best trains, the Southern Crescent, would be discontinued to New Orleans. I have a nostalgic feeling about it.

When I first came to Washington, I came with my father on that train. I rode it many, many times. I hate to see it go.

But we are going to either have to operate a modern system as you indicate here, or not operate a system. It seems we better be thinking about the future.

Now between operating just more of these miles and trying to get you into something where you are showing what can be done with surface transportation, I find more enthusiasm for moving to something where you can demonstrate what the potential of surface transportation is.

There is nothing in here for that, as far as I can see; is there?

Mr. BOYD. No, sir. I think this is really a conversation that you ought to be having with Brock, or you should have had with me 10 years ago; one or the other. Because Amtrak is an operating com-

pany. There is no way for us to get into the type of research you are talking about. It is a mammoth research effort to make it work.

I do want to point out, Mr. Chairman, that where we have new equipment, we are providing a good service.

Senator LONG. Where is that?

Mr. BOYD. We are providing one train that Senator Magnuson was talking about this morning, the Pioneer, from Salt Lake City through Portland to Seattle. That has some of our new equipment on it. It is doing extremely well. It is providing very good service.

The Panama Limited from Chicago to New Orleans has that new equipment on it, and it is very heavily patronized.

We have some of that new equipment here in the Northeast corridor, and it is very well patronized, and it is a darned good service. However we are operating it with old locomotives. We need new locomotives.

But we are providing, in various places, excellent service; but very little of it, because we have a total fleet of 2,200 cars, of which on a normal day we can get 1,500 to run; and of that, fewer than 500 are new.

Senator LONG. I hope we can find a way to provide you the equipment you need for what you are seeking to do.

I raised one issue, and I would have raised it with Brock if I had the opportunity, but I had to attend another meeting. He got away.

I can raise the question with you just as well, I think. In previous testimony with Southern Railroad, at the time they wanted to turn the Crescent Limited over to Amtrak, that witness indicated if he had his way, he would be operating that railroad with a crew of 4 rather than 5, and he would reduce the number of crew changes between here and New Orleans; so if he were doing it, that means he would use 16 men to take that train to New Orleans.

At present, at the time he was testifying, they used 32; 5 crews of 5 men—no, 7 crews of 5 men. They were using 35 men to take that train to New Orleans.

In his view, if they were doing it, they would move it down there with less than half that. They would move it with 16 men.

My thought is that it might be worth trying to continue the service; it might be worth—I am not at this time planning to oppose this plan, but I thought the Secretary of Transportation indicated that if the State would be willing to put money into it, maybe something could be done.

I would be willing to approach the State legislature about it, and suggest they consider it, and the Governor as well, provided that we could operate it as efficiently as could be operated.

That would very drastically reduce the loss if you could move that train down there with 16 men rather than 35, would it not?

Mr. BOYD. You can figure that $25,000 a year per man——

Senator LONG. I wasn't approaching it quite that way. I was thinking in terms of the labor cost is about two-thirds of the cost of the operations; at least, I was led to believe it was about two-thirds.

If you cut that in half, you would be—it seems as though you would be cutting one-third off the cost.

Mr. BOYD. The labor cost is close to two-thirds of the total cost of operating Amtrak; but that includes all of the people who are

involved in maintenance of equipment, as well as operating the trains. And on the trains, there are two separate categories of people: One is the train and engine crew, which is the engineer, conductor, fireman, brakemen, flagmen; and the onboard service people, which are your stewards and waiters and so forth.

You can't just draw a direct reduction by reducing the size of the train crew. Now I think we should be able to operate with fewer people on the trains, including the train crew. We are doing something on this, Mr. Chairman.

What we have done so far is this. Since I came here, I asked our labor relations people to take a look at the situations where we are currently paying crews to operate distances of 15, 25 miles, and getting a day's pay for it. I think this is ridiculous. And I wanted to get all of that together.

I have been told it is ready. I don't know what it is, but there are any number of those instances. We are going to sit down with labor and say, fellows, this just won't wash. We have to work something out here. Get that out of the way.

Then I want to sit down and talk to the brotherhoods about changing the whole way we operate the system; because I think it is in their best interest as well as being in Amtrak's best interests if we can do this.

I am concerned about our ability to keep coming here and asking you all for more and more money, and not being able to produce more in the process. My feeling is that Amtrak has a future, should have a future, and will have a future if we can pull it back to a size where we have the resources to provide adequate service to the public and build out from there.

But we have to do it on a different basis. When I say that, I want to be very clear, I don't mean cutting the wages of the individual employee, because I don't think that is right. I don't think that is moral. I don't think it is realistic.

And I don't have that figured out yet. But we have to have a revolution in how we do business: Basis of pay, work rules and so forth.

Senator LONG. The thought that occurs to me would be just in the area in which this particular witness was testifying before this committee—I am talking about a witness from Southern Railroad.

He just said in the course of asking that we turn the train over to Amtrak and let Southern out of the thing, he said if they could do something like this that that might be worth Southern's while to try to continue to struggle on and make this work.

I think he was very pessimistic about any hope of achieving such cost reduction. We weren't talking about cutting salaries. We were only talking about using four crews for what would amount to a full work day, rather than using seven crews and largers crews to go from here to New Orleans.

Mr. BOYD. My hope is when we sit down to talk that we can change the system so that we are talking about workdays rather than 50 miles for a day or less.

Senator LONG. You know how we got into that. When the guy who really earned his money on the train, he was a fireman. He would shovel that coal into that boiler and have to be pretty good

to open up that door and shove the coal in and get the steel door shut back.

He would shovel that coal and by the time he moved that train 150 miles, that was a very worn out workingman.

At that time, if somebody had to let him off to get some rest, at that time they thought it was a good time to change the whole crew so the whole crew got off.

Later on, as I understand this thing, we didn't need the fireman. With a diesel engine, you didn't need the firemen. We were still stuck with the rule about changing crews every 150 miles.

So that I thought about the fireman explaining on television why his job was so necessary. He was explaining that while the engineer looks out the left side of the cab, he looks out the right side of the cab.

You need somebody to look out the other side of the cab. I would think it would make better sense to have somebody look out the rear while the other man looks ahead.

In any event, that was the argument for having the fireman on the train as explained by the fireman.

I saw it on television. If you get down to where you can get yourself a train, we are talking about to go 200 miles an hour and we are stuck with that old rule, you would have to change crews—you would have to stop that to change crews every 40 minutes to put a new crew aboard.

Really, that work rule in the modern day is outmoded. It's outmoded for now.

Mr. BOYD. I agree with you, but I want to make clear I am not being at all critical of the individual employee. They are doing the job for which they were hired. It's a great example of how technology has changed but the job descriptions haven't. There has to be a change.

Senator LONG. I just wish, Mr. Boyd, we could be talking here about the railroad of the future rather than the—I mean the passenger service of the future rather than of the past.

It seems to me all we are talking about is saving some old relic of the past. You are too good an executive to waste your time on that.

It seems you ought to be trying to develop something that would serve this Nation for the future. Maybe they would develop it in Europe or Japan and we could copy it from them.

I know some of those people now, they came to see me. They must have seen you. Was anybody by to see you to talk about the new technology of the fast train?

Mr. BOYD. No, sir, not directly.

I agree with you. But I also feel the passenger service of the future is some way in the distance and my interest right now is if we are going to have a passenger service at all, I want to try to make it work right.

It's not working right today.

Senator LONG. In 1935, it was my privilege to attend the world's fair at Chicago. I was just a kid at that time. About 16 or 17 years old.

I was very impressed by the General Motors' exhibit. That exhibit was, I think, entitled "Highway into the Future," or some such

thing as that. It showed how the automobile traffic would someday work where you would have overpasses, underpasses, cloverleafs, the below-street parking, the above-street parking.

It was, in effect, the transportation system that we have today. That was our modern Interstate Highway System being displayed in 1935 by General Motors.

But at least while we didn't have the Interstate Highway System until many years later, at least we were planning on it and building some overpasses and underpasses and building components of such a thing at some future date.

I would hope that we could try to work with you or else work with somebody, if Amtrak can't do it, to try to move us toward a transportation system of the future.

When that Amtrak Corporation was set up, didn't that charter indicate that that type of thing could at least be discussed by Amtrak?

Didn't it indicate we had in mind a modern——

Mr. BOYD. Yes, sir.

Senator LONG. Didn't it indicate it might be something to meet the needs of the future?

Mr. BOYD. Yes, sir.

Senator LONG. I hate to think we have lost so much ground that we can't even think in imaginative terms or do any planning along that line for the future.

I would hope that we could be thinking in terms of providing something that would be best. Now, it would help me, I know, if, in phasing out some of the service we have now which is behind time and not up to date, we could be talking about beginning to experiment with something that would do the job in the future.

I take it you would be willing to talk about it even though you don't have the money to do anything about it.

Mr. BOYD. I have a lot of ideas but no money.

Senator LONG. Thank you very much.

Senator CANNON.

The CHAIRMAN. Thank you, Mr. Chairman.

Mr. Boyd, in September of 1978, Amtrak instituted a rather unique pricing policy. Senator Long and I wrote to Amtrak at that time expressing our concern over the effect such a price decrease would have on Amtrak's deficit.

Do you have any data on the results of that fare decrease now?

Mr. BOYD. Yes, sir. I don't have it with me. I will provide it for the record.

The CHAIRMAN. All right.

At the same time, would you provide for the record the information as to whether Amtrak will realize a net financial gain from that fare decrease?

In other words, will the revenues from the ridership increases offset the loss in revenue from the fare reduction, which was our concern at the time?

Mr. BOYD. Yes, sir.

The CHAIRMAN. Several months ago, it was brought out that a number of Federal agencies weren't cooperating with Amtrak on the use of Amtrak for Government travel, particularly in the Northeast corridor.

What progress has been made in that area?

Mr. BOYD. A great deal of progress, Senator Cannon.

We are in the final stages of negotiations now with the General Services Administration, which I think will lead to a considerably increased use of Amtrak in the corridor by Government employees on official travel.

The CHAIRMAN. Is Amtrak getting better cooperation now from the Government agencies?

Mr. BOYD. Yes, sir.

The CHAIRMAN. What is the potential revenue gain for Amtrak if all Federal employees traveling in the Northeast corridor were to use Amtrak?

Do you have any figures?

Mr. BOYD. We don't have the figures from all the agencies of Government on their corridor travel. A number of the agencies have given us their information but not all of them by any means.

My recollection is as a result of these negotiations with the GSA we are looking for about an $8 million increase this year in revenues on the corridor.

The CHAIRMAN. In going through your prepared statement, I note that there are several instances in which you challenge the figure used by DOT and presented to us by the Secretary this morning.

Does that mean that you don't support this program that DOT proposed?

Mr. BOYD. No, sir.

The CHAIRMAN. You are in support of the program even though you disagree with them in some instances concerning the results of the statistical research.

Mr. BOYD. We are trying to set the record straight as we understand the figures. No, we are not taking a position on the route restructuring. The position I am taking—that Amtrak is taking, that the Board is taking—is that we have to have a smaller system than we have today.

We are the willing servants of the Congress. Whatever you decide is what we want to do.

The CHAIRMAN. Do you think in light of the present circumstances that exist, fuelwise and so on, do you think there is an opportunity to turn this system around given a smaller system in line with what the Secretary recommended?

Mr. BOYD. We have to have a smaller system if we are going to have any hope of providing the public with adequate service, Senator Cannon.

As I mentioned a little earlier, the average age of our fleet is 28 years. It's as if Greyhound were trying to compete today with the latest model 1950 bus. We are not providing service to the public with that kind of equipment. It breaks down. We have trains freezing all winter. Our air-conditioning breaks down in the summer.

Our maintenance costs are out of sight. We have to get back to a size of a system where we have the resources; 15,000 miles is pretty close. It's not going to be satisfactory completely, but we will be a lot better off. We have a lot of junk we are hauling around out there not serving any useful purpose.

43-139 O - 79 - 6

The CHAIRMAN. What is the current status of your capital modernization program now? Are you bringing new equipment in? I note you said in your statement that at the time Amtrak took over, the average age of the equipment was 22 years.

Now you say it is 28 years, some 7 years later. Are you just standing still or losing ground or what?

Mr. BOYD. We are losing ground because we are having to continue to operate with the old equipment. Since Amtrak came into existence, we purchased one order of cars, 489 cars from the Budd Co. Cars we call the Amfleet cars. They have gone into the system. They are ultimately to be used in the Northeast corridor. They are now spread around the country but will be used for the corridor.

We have an order of 284 cars with the Pullman-Standard Co. This order was placed in 1975 and we should have received deliveries beginning 2 years ago. So far, we have gotten six cars. Those are double-deck cars which are for use primarily west of the Mississippi River.

All the other equipment we have is the old equipment we inherited from the private railroads.

The CHAIRMAN. In Amtrak's annual report, it was reported that the number of revenue cars either owned or leased by Amtrak had been steadily declining to a point where you had 200 cars less than you did in 1976.

In light of the car problems facing Amtrak, what has happened to these other cars?

Mr. BOYD. Most of them have taken themselves out of service. They have reached a state of deterioration where there just wasn't any point in trying to put money into them to get them back rolling again.

The CHAIRMAN. In that same report you indicate that Amtrak sold over 163 cars last year, some of which, I believe, were the glass-domed observation cars.

If this equipment was old and unusable, how were you able to sell them?

Mr. BOYD. That is why we sold it.

The CHAIRMAN. Who did you sell it to?

Mr. BOYD. I don't have the vaguest idea.

The CHAIRMAN. Sold for scrap?

Mr. BOYD. Yes, sir.

The CHAIRMAN. What condition were those glass-domed cars in when they were sold?

Mr. BOYD. I will have to provide that for the record. We haven't sold anything that is usable, though.

The CHAIRMAN. Let me ask you one final question. Do you think Congress is justified in using the taxpayer's dollar to support this system or do you think we would be better off if we junk the whole works?

Mr. BOYD. I think definitely there is a value to a national rail passenger system. I think that it is well worth the taxpayers' money to have a good rail passenger system. We don't have that today. It will take some money to do it. But I do think so, clearly.

The CHAIRMAN. Thank you, Mr. Boyd.

Senator LONG. Let me ask you about one item. What I am thinking about here, Mr. Boyd, I am trying to think in terms of

how to move us toward a rail transportation system for the future. Not just a recurring deficit thing in trying to cut down our losses.

I am thinking about how it might be a better service for all Americans. It doesn't bother me to think about paying for something. The American people expect to pay for service—everybody to subsidize it—provided what they get in the end is worth having.

Some time ago, the chief executive officer of Illinois Central made the point to me that it is time we had a grant to see what could be done about a fast train service between New Orleans and Baton Rouge. He said we had a grant planned between Moisan Airport on the outskirts of New Orleans.

This man said we ought to see what we could do to develop a fast train from Moisan Airport into the heart of the city. If you can make it work there, you can make it work between Baton Rouge and New Orleans, which I was hoping to see done. About 85 miles apart.

Now to do it with modern technology, the answer was just we would have to put a lot of overpasses in we didn't have.

But if you spend the money on the overpasses, you could develop a very rapid transportation into the heart of New Orleans and once you did that, if that could be made to pay, you had a straight shot on up to the State capital in Baton Rouge and could probably do the same thing on the other end, too.

Later on, someone came up with a proposal, with this new car the Budd people were developing, put that in service between Baton Rouge and New Orleans and give these people some better service.

When I first saw the schedule, from my point of view, my reaction was forget about it. The speed it would make wouldn't exceed the speed of the bus. My reaction was if you can't beat a bus, you are wasting your time to go buy this multimillion dollar piece of equipment and you can't get there any quicker than a bus would get you there.

What you would need would be to separate the grade and clear it so you could go in as fast as the rails could roll it.

Now, the same type thing, if it could be done there, it could be done between Washington and Baltimore. It could be done between Baltimore and Philadelphia. I don't see why you couldn't do it between Philadelphia and New York.

You simply make the train run a great deal faster. So that it would be competitive timewise with what you do by the time you go out to the airport, wait for the plane and take you turn in line to get in the air and all that. By the time you get your bags and get in a cab and all that, it would be competitive for a great number of people to take a train instead of an airplane. Especially if it is between here and Philadelphia or New York.

Now, what concerns me is: Why can't, between you and Mr. Brock Adams and some of us who might have some potential to look into the future and try to plan ahead, why can't we work together for something that will give us services like that rather than find ourselves thinking in the terms we are thinking of here, having to discontinue services?

Mr. BOYD. When the Northeast corridor improvement project is completed, we will have to beat people off with a stick, because we

will be providing that kind of service between New York, Philadelphia, Baltimore and Washington.

Senator LONG. When will that be?

Mr. BOYD. 1983.

Senator LONG. I wish you could have something to show sooner than that.

Mr. BOYD. I only got here last June.

Senator LONG. By my light, we have to think in terms of—I serve on a 6-year term. Now I am serving on a 2-year term because I run 2 years from now. I would like to think, though, we would have something to show the public that they could at least pass judgment on.

Mr. BOYD. The problem is very simple. This is one of the major high-density railroads in the world and to do what we are trying to do is to rebuild that railroad under traffic.

You just have to trade off—if we could close down the railroad, we could build it in 18 months. But we can't do that. No way. We are now moving 9 million people a year on it. But also the freight movement. Twenty-five freight trains a day go up and down that corridor.

Senator LONG. I understand you also need more money.

Mr. BOYD. Yes, sir. You will hear about that.

Mr. Adams is bringing that gift to you.

Senator LONG. That just gets me to one point you ought to be thinking about. That is, that it is not quite fair for us to budget our capital improvement item as though the money is all gone. That is the way we have to do it now, that is how the Federal Government keeps its books, but we ought to start doing our business more like a businessman does business, where if he builds something of value, he puts it on the books as an asset and depreciates it over a period of time.

Of course, conceivably, we couldn't take care of your problem by simply setting you up as a separate corporation and guaranteeing the loan. That way, they wouldn't have to put it on the books until you find yourself losing money.

But it does seem kind of unfair to me we ought to have to budget that money as though the money is gone. If you didn't have to do that, we could probably get you the money quicker than that.

Mr. BOYD. This is strictly an investment. No question about that.

Senator LONG. If we could go with the loan guarantee, you might get the money quicker. Ever thought about that?

Mr. BOYD. That is up to the administration and DOT. I am not going to get involved in that. I have differences with Brock already.

Senator LONG. Thank you very much.

[The statement follows:]

STATEMENT OF ALAN S. BOYD, PRESIDENT, AMTRAK

Mr. Chairman and members of the committee, this is the first Congressional opportunity I have had to make the case for Amtrak, and I welcome it.

In the eight months since I became President of the Corporation, I have never ceased to be amazed at how little understanding there really is of Amtrak—its structure, its mission, its mandate, its financing, its operations, its problems and its potential.

Frequently in the press, the words "financially-ailing," "embattled," "deficit-ridden," "beleagured," or "heavily-subsidized" appear as automatic prefixes to the

word "Amtrak." We are often accused of being bumbling bureaucrats busily wasting the taxpayers money.

I am confident that the Members of this Committee at least know that these charges are exaggerated, inaccurate, and unfair.

And yet, there are good and substantial reasons behind many of the public perceptions of Amtrak. Our trains frequently do not run on time; much of our equipment is old and unreliable; substantial parts of the roadbed we operate on are below a comfort level for passenger service; many terminals we operate out of are run-down; many of our long-distance routings are circuitous; the only service to many cities is middle-of-the-night service; . . . and on and on.

All of these items serve to underscore the fact that Amtrak—as a public service—is plainly spread too thin. We cannot do the job the American public expects of us, given the extent of the route structure we now have and the resources at our disposal.

These physical and financial constraints are the main reason why Amtrak's "service" seems so illusory to so many:

The passenger left waiting on the platform on Thanksgiving weekend as the standee-packed trains passes him by; the stranded traveler delayed four to eleven hours by a derailed freight train just ahead; those with reserved sleeping car space forced to stand in a coach because of a malfunctioning car; and those suffering in 100-degree temperatures in a car with failed air conditioning.

The above problems, combined with increasing tugs-of-war over specific routes produced a Congressional mandate to study and resolve Amtrak's route-and-resources problem. The Congress intended from the beginning that the restructuring process should bring the question of routes into proper balance with the reality of resources.

Underscoring it all was a commitment to the public to continue providing national rail passenger service in such manner as to attract the maximum number of revenue passengers.

Inevitably, this study became enmeshed with the budget process of the Executive Branch. The end result was that both a budget mark of $552 million and a recommended route map were produced concurrently. Amtrak's role was to assist in developing costs of various parts of the proposal.

We agree that the map before you can be operated as recommended for a subsidy payment of $552 million in fiscal year 1980. We agree that the system will probably produce revenues in the amount of $325 million. By consolidating our structure to that of our resources, we agree that a reduced route system will enable Amtrak to provide better service. We agree that rail passenger service should be national, should be efficient, and should be used more intensively.

But now comes the tough part. The Congress must decide whether the recommended route structure and the funding level is acceptable. Let me point out that the drawing of lines on a route map is a very subjective exercise.

It is always possible to argue for the inclusion of this route as opposed to that route. There are economic as well as social benefits to almost every route—some routes have more social than economic benefits. However, with a budget limitation of $552 million, the lines on the map tend to become secondary.

The issue, really, is what system will give better service to the existing and potential market for a national rail passenger network? It is the resources and not the routes that drive the decisions. Without any reservations, I tell you, Senators, Amtrak has got to know where it stands. We are planning on the assumption that this plan will go into effect. We have got to have a new plan by October 1—you don't turn a billion dollar company around overnight. You don't have much time.

For nearly eight years Amtrak has suffered while routes were argued and resources were ignored. Now, more than ever, it is incumbent upon the Administration and the Congress to decide whether rail passenger service is a needed public service justifying Federal funding—or whether it is an experiment which has failed by becoming too expensive.

I believe firmly that it is an experiment which has never really been given a chance to succeed. When Amtrak was created in May of 1971, it inherited a dying business. Half of the nation's passenger trains went out of existence on its first day of operation; its customers—turned off, disenchanted and unwanted through years of programmed decline—were hardly in a mood to support, much less flock, to existing service. The equipment fleet had an average age of 22 years and was largely in disrepair. The infant corporation did not own any tracks, terminals, yards or repair facilities, any locomotives, cars or other equipment and there was not a single manufacturer in the U.S. with an open production line for intercity passenger equipment. The roadbed, after years of deferred maintenance, was suited for little

more than freight operations. Operations, onboard, and reservation services (such as they were) were totally controlled by the railroads who wanted little or no part of the business. Many terminals were in disrepair, marketing was nonexistent.

Amtrak's mandate, under these incredible circumstances, was to make a profit—make a profit out of a business which was then losing $400 million a year!

Unfortunately, the public perception at that time was one of a brand new system going into place. Little consideration was given to whether the size of the system handed to Amtrak was correct. The need to match resources to desired service was glossed over.

THE ISSUES

Today, seven and a half years later, the questions most thought had been answered in the beginning have reemerged: (1) Why an Amtrak? (2) How big should it be? (3) How much will it cost each year? (4) What are the public benefits? (5) Where does it "fit" in our national transportation needs?

The Department of Transportation—which has had an uneviable job over the past year—has attempted to answer these questions in the environment of today's world. The questions have been forced by the increasing public demand for services of all kinds, resulting in higher Federal budget deficits and a spiraling inflation. Amtrak has thus become a part of the public policy/funding dilemma.

In answering questions such as these, it is crucial to weigh the benefits—social as well as economic benefits—which must justify the spending of public dollars. Some of these benefits are: Availability of an intercity mass transit mode for those who cannot or choose not to travel by other means; Environmental aspects of land use, air and noise pollution; Rail transportation is acknowledged as the safest mode of travel; It provides city center transportation service which in turn promotes economic development including intermodal facilities; It contributes to maintaining stability in public transportation as well as service for those small communities which have only limited alternate transportation means at their disposal; It can help to alleviate the congestion on our highways and the overcrowding of airways and airports; and Potential energy savings through transportation efficiency, especially since rail energy consumption is, or can be, derived from energy sources other than imported oil.

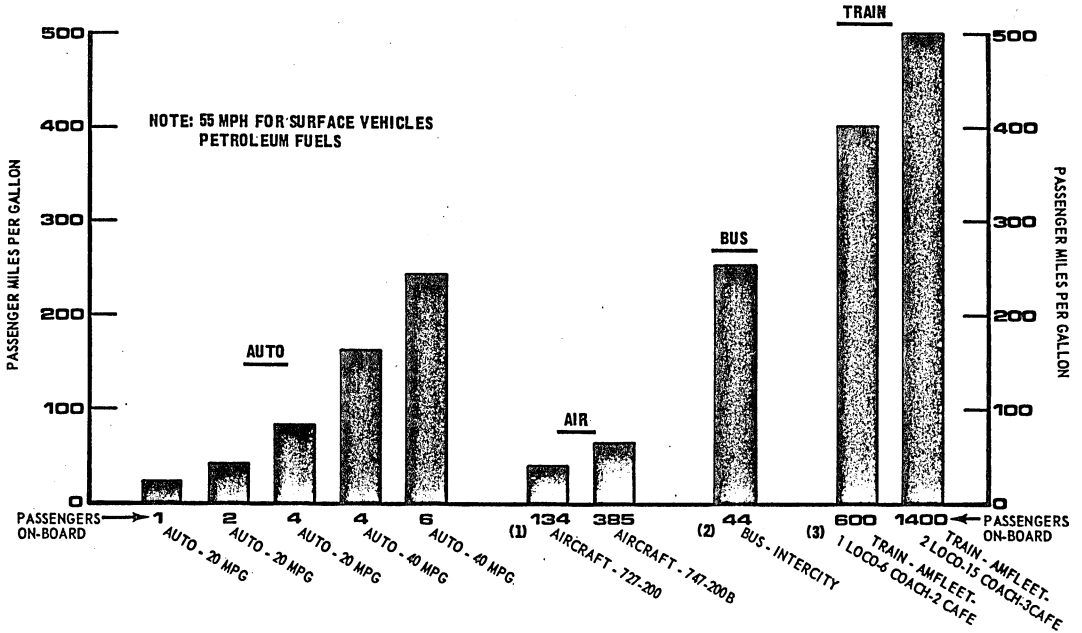
Some of these points are made in the findings and purpose of the Amtrak Act; the others, I believe, should be added—especially at a time when energy is again becoming a cost and supply concern.

The whole issue of the relationship of various transportation modes to energy efficiency is one which should be explored and quantified more thoroughly—not on the basis of historical data, but on the basis of potential, since no one denies that a major crunch is coming. The only disagreement is when it will occur. Airline passengers are already being affected, since a number of airlines have cancelled flights due to lack of fuel.

Consider for instance, the latest "best case" estimates which have been made for the various modes of intercity travel. The estimates are not made on past performance. That's history. What can each mode accomplish in the crunch? That's the key question policymakers should address.

The attached chart shows precisely how each mode of intercity transportation measures up on the issue of energy efficiency. Taking the best case for each mode, you will note that a single Amtrak train yields twice as many passenger miles per gallon of fuel as any other mode—500 versus 250 for the bus, about the same for a 6-passenger, 40 mpg auto, and only 62 for a 747 aircraft.

"BEST CASE" FUEL EFFICIENCY COMPARISON
AUTO-AIRCRAFT-BUS-TRAIN



SOURCE DATA:

(1) BOEING COMM. AIRPLANE CO.
(2) AMERICAN BUS ASS'N
(3) GENERAL MOTORS CORP-EMD CURVE AND LOCOMOTIVE ENCYCLOPEDIA
SIMMONS-BOARDMAN PUBL. CO.

AMTRAK MARCH 1979

SERVICE GOALS

In the findings and purposes section of the Amtrak Act, the Congress listed a few key works to characterize what our service should be—Modern, Fast, and Comfortable. A comment on each of those categories is required.

Modern.—Amtrak's aged fleet now averages more than 28 years in service (exception the 490 newer Amfleet cars). These cars came from 22 railroads and are nonstandard and very costly to maintain. As a result, more than $234 million was spent in maintenance last year. Modernization improves service and cuts maintenance costs.

Fast—According to the laws of physics and good engineering, a fast train—a reasonably fast train of 60 to 90 mph—must have a track which is designed and maintained expressly for that rate of speed. That train will then not only be fast, but it will be comfortable and safe. Amtrak's current systemwide average speed is 45 mph—ten mph slower than the maximum speed on the Federal highway system.

Comfortable—Comfort is derived from the combination of good rolling stock and well-designed and well-constructed track. Track which is not designed and maintained for passenger train speeds and which is not maintained to passenger train standards is uncomfortable, and unreliable.

To achieve these goals will require a realistic assessment of Amtrak's capital needs. Consider, for instance, that we now have an operational fleet of some 1,250 cars on a given day operating over 27,000 mile system—1,250 cars for 27,000 miles. England's national rail system has 18,000 cars for 11,000 miles; France, 15,000 cars for 22,000 miles; Germany, 17,000 cars for 17,000 miles; Italy, 11,000 cars for 10,000 miles; South Africa, 10,000 cars for 14,000 miles, and Japan 26,000 cars for 13,000 miles.

There is another part of Section 101 of the Amtrak Act which finds that "intercity railroad passenger service is a necessary part of a balanced transportation system." On this point, I would like to mention some figures from a study being undertaken by the U.S. Conference of Mayors—a study detailing the Federal government's involvement in subsidies to all modes of transportation.

The figures in the following chart show Federal transportation expenditures since 1971, Amtrak's first year.

As you can see, Amtrak represents a little over 2 percent of the total Federal subsidies to all modes of transportation. Even when trust fund amounts are subtracted, Amtrak's share amounts to only 4 percent.

The same trend continues in the Federal transportation budget for fiscal year 1980 when there is a 26 percent reduction in rail dollars but a 6 percent increase in subsidies to the other modes.

Everytime the National Taxpayers Union or some other group cites Amtrak as an example of outrageous Federal expenditure, I wonder why Federal expenditures in other modes are not considered? How do they "fit" in the transportation priorities of the nation?

The truth is, there is no mode of transportation that can exist without some form of Federal subsidy—simply because of the technology and safety requirements and the public service nature of the product. Shouldn't Amtrak therefore be considered in this context instead of in isolation as a "heavily-subsidized" or "financially-ailing" mode?

FEDERAL AID TO TRANSPORTATION—FISCAL YEARS 1971 THROUGH 1977

[Dollars in millions]

	Amount	Percent
Highways	$41,320	55
Trust fund	34,096	
General funds	7,224	
Air transportation	13,933	18
Civil Aeronautics Board	500	
Federal Aviation Administration	13,433	
Domestic water transportation	4,882	6
Army Corps of Engineers	4,298	
Tennessee Valley Authority	15	

FEDERAL AID TO TRANSPORTATION—FISCAL YEARS 1971 THROUGH 1977—Continued

[Dollars in millions]

	Amount	Percent
U.S. Coast Guard	569	
Ocean shipping	3,325	5
Ship construction	1,248	
Reconstruction	115	
Ship operations	1,962	
Mass transit	9,424	12
Capital facilities grants	6,371	
Formula grants	1,216	
Other expenditures	1,837	
Rail transportation	2,931	4
Federal Railroad Administration, United States Railroad Association and Rail Service Assistance	749	
Federal Railroad Administration, R. & D	317	
Emergency rail restoration	27	
Amtrak	1,838	
Total	75,815	

Source: Transportation Subsidy Study, United Conference of Mayors, 1979.

It is in the light of these arguments that Amtrak management approaches the route structure recommended by DOT. We would be derelict in our role as managers if we did not point out some additional problems that we feel must be considered as Congress debates the issue. We have discussed all of these with the Department and have included them in the Board of Directors Mission Statement and Amtrak's Legislative Report, recently submitted to the Congress as required by Section 308 of our Act.

I would like now to address specific concerns that Amtrak has as it plans to implement the restructured route system as presented in the DOT report. As the Congress considers the system, I believe it is incumbent upon Amtrak as management to point out those things which will affect the type of service available to the public.

LEVEL OF SERVICE

Whatever Amtrak's route structure, the public must be offered service that is safe, reliable, comfortable and convenient. It must be economic, both for the passenger and for the government within the context of subsidies to all transportation. Amtrak believes that the route restructuring process is essential. However, if it leads to still inadequate service operated over a smaller system, then the public will not be well-served.

It is a management function to determine frequencies, routing between end points, on-board services, train consists, schedules, and fares, and Amtrak will continue to respond to the legislated directive to use "innovative operating and marketing concepts" to increase ridership on designated routes.

In its Board's Mission Statement, Amtrak pointed out that ultimately the Congress must establish priorities for route and service, an optimum basic network, with advice from Amtrak. Further, Amtrak should be vested with authority to make additions to, or deletions from, the network using route criteria developed by the Board in 1975 and approved by Congress.

The Board is currently developing a refinement of those criteria and will seek informal endorsement by appropriate committees. Amtrak recommends that Congress include a definition of "criteria and procedures" in the Rail Passenger Service Act to refer specifically to the "Criteria and Procedures for Making Route and Service Decisions;" established pursuant to section 404(c) of the Act.

The DOT report specifically recommends that two routes—The Sunset Limited between Los Angeles and New Orleans and The Empire Builder between Chicago and Seattle—be operated on a three-times-a-week basis. Amtrak believes strongly that any service less than daily is not fully marketable. Sufficient economies are achieved by operating on a daily basis to make it worthwhile and the cost per passenger is positively affected.

Surveys and studies on the Crescent which are in progress buttress this point and we will make them available to the Committee.

Additionally, we have a problem with the proposed reductions in the New York to Florida service. Currently we operate three trains a day over this route serving both the east and west coast of Florida. These trains are all well-above average performers on our current system. We feel that there is no way we can serve the 700,000 or more passengers per year currently carried on three trains with the one remaining train.

Also, we know from the Northeast Corridor that frequencies greatly affect patronage and enable us to provide better service. Reducing frequency therefore will increase our loss per passenger in the high density New York to Florida market.

The Department's assumption on the use of Amfleet and reductions of level of food and beverage service on the Florida trains and the Broadway is unrealistic. Apart from the unsuitability of Amfleet for such long distance routes, this equipment is being relied on by the Corporation for expanded use in Northeast Corridor service. The proposed food and beverage service level reductions are simply unsuited to longer distance trains. Also, they will not be typical of food and beverage service on the longer distance routes that will be served by our new Superliners. We have noted a drop in food and beverage revenues on longer distance routes using Amfleet equipment.

The DOT report has been widely quoted concerning the projected retained ridership versus reduced route miles. Specifically, references have been made to 91 percent of the ridership being carried, while 43 percent of the route miles have been reduced. Some clarification of these statistics is necessary to fully understand their implications.

The 91 percent refers to passenger trips, counting a short distance or commuter passenger equally with a transcontinental passenger. The statistic that measures distance traveled, i.e., passenger-miles, is not 91 percent but 80 percent in the DOT plan.

The 91 percent passenger trips figure includes 100 percent retention of NEC trips, since NEC service is assumed to be constant. Therefore, all the passenger trip losses occur outside the NEC. The reduction in such trips outside the Corridor is approximately 20 percent. This occurs because slightly more than half of all trips on the existing system are within the NEC. And, for the same reason, passenger miles outside the Corridor decline by 28.4 percent.

It should also be noted that "route miles" only indicates presence or absence of passenger services, not frequency or service. A route mile with a single tri-weekly train is counted the same as a route mile having one, two, or more frequencies a day.

As an example, the Sunset Limited, which travels through Texas on a tri-weekly basis between Beaumont, El Paso, is counted as 897 route miles. In contrast, the route miles between Boston and Washington, D.C., are only 456, with multiple service frequencies each day.

EXPANSION OF SERVICE

Implicit in any restructuring of Amtrak is the idea that better service will be offered to the public. As refined route and service criteria and procedures are adopted, the Congress should consider how new service levels on routes can be implemented.

In considering a U.S. rail passenger route system, where the bulk of the railroad mileage is owned and operated by private firms, the provisions of passenger service is by virture of contracts between Amtrak and those owner railroads. To the extent the current route system is reduced, the contractual obligations of the railroads no longer providing passenger service will be lost. The net effect of this is clear: those railroads will no longer be required to maintain their physical plant at the elevated level of condition necessary to operate a rail passenger system. This happened in 1971, when approximately half of the passenger trains operating prior to that time were eliminated. When those services were abandoned, the operating railroads downgraded track and signal systems from the higher passenger train level to utility. In any reduction in routes, therefore, passenger capability must be preserved. Amtrak recommends that maintaining existing facilities in a standby state

of readiness should be considered. It Congress agrees that this is a desirable approach, legislative language would be needed to keep our operating agreements with the railroads in effect.

We are currently conducting studies to estimate precisely how much this would cost, but preliminary figures show that if all discontinued trackage was maintained by maintenance-of-way payments geared to the differential between freight use and passenger service, it would probably be approximately $10 million annually.

GOALS

The Northeast Corridor Improvement Project is based on the belief that high-speed rail service made possible by improved track and roadbed conditions will substantially increase ridership and revenues. While the same precise trip time and speed goals may not be economically justified in other areas of the country, there is no question about the desirability of improving track and roadbed conditions. Amtrak currently has very little influence over not only the conditions of track, but the requirement or passenger train preference over freight trains. These two eldments are the key to both improving on-time performance and offering an attractive and reliable alternative to the automobile for intercity travel.

Therefore, Amtrak recommends that the Congress establish a system-wide average speed goal in excess of that for interstate highways.

COMMUTER RAIL SERVICE

The needs and economics of commuter rail service must be realistically addressed. Since the legislative authorization last year for Amtrak to operate commuter service, several state/regional commuter agencies have requested that Amtrak undertake such service. The maintenance of current coumuter fare levels, equipment, and maintenance needs and coordination of operations are all issues which will require additional funding. For Amtrak to enter into cummuter rail contracts, full reimbursrement for total costs must be provided. In addition, Amtrak should have the requisite time to coordinate with all entities involved before it is required to provide this service.

STATE PARTICIPATION

Amtrak feels that the 403(b) state service program has worked well and, for the six states currently participating, has provided rail service that would not otherwise exist. While the DOT restructuring reports suggest that the states should undertake a larger role in providing financial support, unfortunately, unless some current 403(b) service is cancelled, Amtrak will not have funds to match any new state service.

With a total of 40 states either losing or having no rail passenger service under the restructured system, it is important that some means be found for states to institute state-supported service if they desire. Amtrak recommends that Congress consider other measures to enable either individual states or groups of states to continue or initiate marketable service or increased frequency on an appropriate matching basis.

FINANCIAL STABILITY

The DOT report recommends a three-year authorization. Amtrak welcomes this type of response to our need for financial stability. However, the annual authorization levels are based on a number of assumptions which must come true in full measure to enable train operations to continue.

We believe that we can operate the recommended system in fiscal year 1980 for the operating subsidy requested. We cannot, on the other hand, predict with any degree of certainty how well revenue, ridership and cost projections will hold two years from now.

This is why the Amtrak Board has suggested a contractual realationship with the government is the best way of guaranteeing that agreed-upon service can be financed.

We are now developing a detailed analysis of how such a contract could be implemented for fiscal year 1981, fiscal year 1982 and beyond.

CAPITAL REQUIREMENTS

Long-term stability must be established if Amtrak is to institute reasonable corporate planning and management controls to assure long-term financial accountability and cost containment.

The key to this is a multi-year authorization similar to that recommended in the DOT's report. Amtrak must be able to plan effectively so its critical equipment needs, as outlined in the Board's Mission Statement, can be met.

From its inception, Amtrak has had serious equipment problems. In part, this results from the existence of a very limited equipment supply industry. Uncertainty resulting from annual authorizations cycles has complicated long-term capital planning. To provide a basis for advanced planning without unduly compromising Executive Branch or Congressional fiscal options Amtrak recommends that the legislation authorize capital appropriations to be made a year prior to when such appropriations may be obligated for expenditure.

Amtrak cannot provide the quality of service that Congress and the traveling public rightly should expect with inadequate or obsolete facilities and equipment. Significant improvements have been made on a continuing basis since Amtrak began operations. Yet much remains to be done in all five major areas: (1) motive power; (2) passenger equipment; (3) maintenance facilities, (4) right of way; and (5) stations and other facilities.

Funding to meet these needs amounts to $1,150 million over the 1980–84 fiscal year period, with $171 million scheduled for 1980.

The primary business and service goals for this five year capital program are: to implement the new route structure emerging from the Congress' review of DOT's recommendations; to support and complement the planned NECIP construction program with needed rolling stock and improvements in passenger handling support systems (ticketing, reservations, station reconfigurations, etc.); to restore NEC, Harrisburg, and Springfield branch lines to appropriate track speeds; to comply with DOT handicapped access regulations—both in our stations and equipment; to upgrade and rehabilitate stations and other facilities to an appropriate system-wide standard; to continue to reduce use of obsolete steam-heated passenger equipment through the conversion of selected equipment to electrical heating/cooling systems; and to develop a new generation of "low-level" equipment suitable for intermediate to long-distance operations where the "double-decker" Superliner equipment is inappropriate. This equipment would replace both (a) those steam-heated/cooled equipment not converted to electrical operation, and (b) units which have been converted when they reach the point where heavy overhauls and increasing annual maintenance costs justify replacement. I cannot emphasize fully enough my belief that this older, obsolete equipment should not be operated indefinitely. Attempting to do so would be an uneconomical use of taxpayers' money and would subject the travelling public to unacceptable and unnecessary delay, discomfort, and inconvenience.

Amtrak has two other concerns relating to capital expenditures. The first is funding of labor protective payments necessitated by the restructuring of the Amtrak system. For Amtrak to solve its equipment problems, it is important that such payments not be deducted from available capital funds, as is recommended in the DOT report.

Second, the Congress should recognize that the actual costs of making the track connections required by the restructured system can only be estimated at this time. Actual costs can only accurately be determined when negotiations with the operating railroads are completed.

National Railroad Passenger Corporation
Total System Capital Program
in Millions of Current (Inflated) Dollars

	Actual FY78	Budgeted FY79	Projected FY80	FY81	FY82	FY83	FY84	5-Year Total
Capital Projects								
Motive Power	52.3	53.0[1/]	63.1	56.5	11.1	3.1	3.4	137.2
Passenger Equipment	32.3	50.5	29.9	66.2	113.8	116.7	36.1	362.7
Maintenance Facilities	28.2	12.4	13.1	27.5	35.3	26.4	28.6	130.9
Stations/Other Facilities	7.6	4.1	13.3	31.8	72.3	86.8	126.7	330.9
Right of Way	9.6	10.0	51.6	21.0	38.5	24.9	51.9	197.9
Total	130.0	130.0	171.0	203.0	271.0	257.9	246.7	1,149.6[2/]

Notes: 1/$53.0 million Motive Power includes $29.0 million assumed supplemental appropriation for light-weight electric locomotives (AEM-7's).

2/Differs from $1,581 indicated in table 5-2 of DOT's January restructuring report, as that amount included other nonoperating appropriations for debt retirement, NEC purchase payment, and, for the recommended system only, labor protection payments.

Corporate Planning
February 28, 1979

TRANSITION TO RECOMMENDED ROUTE SYSTEM

Further, in assuming that October 1, 1979, will see the start-up of new operations, the DOT report overlooks the real possibility that not all railroads will be in position to permit operation of proposed routes on the schedules assumed or at the cost levels contained in the funding. The need for track connections and other modifications require unavoidable lead time in many instances. The operating railroads cannot be expected to initiate physical changes until the nature of the restructured system is finally determined after the completion of Congressional review. Amtrak recommeds that the Congress consider a possible funding problem in connection with continuing service on those routes designated for abandonment pending the completion of necessary construction on the proposed restructued routes.

MANAGEMENT INITIATIVES

Since this Committee last considered Amtrak legislation, the Corporation has new management—for better or for worse, a new President—and a Board of Directors with many new members. Amtrak management is totally committed to providing the type of public service which the Congress directed in the original enabling legislation—safe, fast, modern, and efficient.

The Board has adopted for the first time a Mission Statement which has been provided to the Committee; we have instituted new procedures to address our most pressing problems—equipment and on-time performance; we have adopted a goal of a substantially improved ratio of revenues to costs and now have a fare policy geared to achieving that; and we have consolidated functions and cut back personnel (we recently cut 12 percent from our headquarters staff).

Various sources have expressed the view that significant money could be saved if Amtrak observed more prudent management practices. After eight months as Amtrak President, I am conviced this is a misconception. The extent to which Amtrak must buy services from the railroads, the age and condition of our equipment and facilities, and the impact of industry-wide labor agreements on manning levels, works rules and pay rates combine, along with some lesser cost areas, to tie Amtrak costs almost completely to the route structure, train frequencies, and quality of service. Given these requirements, there is very little management flexibility to reduce costs.

The following chart shows the breakdown of Amtrak operations in fiscal year 1978.

	Dollars in millions	Percent
Operating trains	$350	39
Maintaining equipment and facilities	299	34
Operating stations	69	8
Marketing and reservations	45	5
Interest, taxes, insurance and depreciation	105	12
General management	22	2
Total	890	100

In summary, management flexibility is limited to a very small percentage of costs and even these controllable costs have longer term implications. For instance, advertising expenses or staffing of ticket offices can be cut with a longer term impact of losing more in revenue than is saved in cost.

There comes a point when the only way to cut costs further is to eliminate routes. This point was made by the GAO in its report to Congress of May 1978.

However, there comes a time when the cutting of routes and frequencies will put Amtrak below the threshold of acceptable service for a national system.

I have found that it often happens, when we are confronted with truly overwhelming tasks * * * and cutting back the once-great rail passenger system of the U.S.A. in 1970–71 was just such a task * * * we sometimes overlook completely one or more of the most important and fundamental factors of the whole system. This was forcefully brought to my attention when I read an Organization for Economic and Cooperation and Development document, 1977, "The Future of European Passenger Transport." I would like to quote a few lines from that important paper:

"* * * the share of the market in which the railways are competitive will continue to shrink unless they too can raise their standards. The economics of scale in the operation of railways are such that there is a minimum level of traffic below which

it becomes increasingly difficult to operate at a profit, and as the cost of labor and energy rises, this minimum level tends to rise too."

Since the January 31 release of the DOT Route Recommendations, there have been thousands of reactions, particularly from those who would receive reduced service or no service after the proposed system is in place. As I am sure Members of the Committee are aware, the targets for the criticism have varied from Amtrak to DOT, to the Congress, to the Administration, to the Railroads, to the Rail Unions, and in some cases, to the potential passengers who have never used passenger trains.

I think the very fact that the public perceives these entities as scapegoats only confirms in my view the absolute necessity that we have a total national commitment to operate a national rail passenger system. If the commitment is hesitant or if we cannot now provide better service over whatever route system the Congress dictates, I personally believe it would be better to close Amtrak down.

For the reasons stated in my testimony and in the Board Mission Statement, we do believe there is a need for national rail passenger service. But, we also believe that whatever reductions are made to the system—be it the DOT plan or something that approximates that system—we must have the resources to implement and operate it well.

Amtrak has been working closely with the Department of Transportation in the preparation of the Administration's proposed Amtrak Improvement Act of 1979. This addendum addresses its provisions.

In the main text of my testimony, I have mentioned the need for amendment to Section 404(c) to define our Route and Service Criteria. In addition we recommend the following:

Amending the term "security guard" to "railroad police" to achieve conformity with the term used by other railroads to provide Amtrak police with access to appropriate information systems and cooperation with state and local police.

Exempt the Corporation from the current requirement to secure advance approval of the ICC before entering into loan arrangements with banks.

Authorization for developing through routes and joint fares with air and water carriers as well as motor carriers in both domestic and international routes.

Legislative authority to establish a uniform pay cycle to improve pay frequency and timeliness and reduce processing time and adminstrative costs.

Statutorily establish Amtrak as doing business in each state to avoid the need for Amtrak to annually file a certificate of incorporation in each state.

Amend the free and reduced fare transportation provisions in the law to require compensation by the railroads at a rate representing 50 percent of the average monthly yield per revenue passenger mile for Amtrak service. We feel this payment should be in lieu of any charges for liability incident to travel by persons eligible for free or reduced rate transportation and any other costs incurred by Amtrak. We estimate this provision, if in effect in 1978, would yield $6.5 million.

Repeal Section 801 regulatory authority of the ICC. Amtrak should be responsible for monitoring and improving on its own the quality of rail passenger service.

I must comment on provisions of the DOT bill which are objectionable to Amtrak. I have discussed these with Secretary Adams and he is aware of our concerns.

Section 8(1) of the bill would repeal a paragraph in Section 601 of current law which gives the Secretary authority to make our capital grant funds available on a quarterly basis. Since Amtrak borrows from the Federal Financing Bank, this availability would add significantly to Amtrak's operating grant requirements.

An Amtrak capital grant is normally spent out in three years. Assuming the funding levels in the bill, the interest saving from quarterly availability of capital grants over the next three years is about $42 million.

Section 8(3) of the DOT bill would subject Amtrak to the Budget and Accounting Act of 1921 as amended. Amtrak has no quarrel with the existing requirement to submit its budget through DOT. We are doing that now. I feel however, that this provision would go beyond that and would treat Amtrak as a Federal agency by requiring, eventually, review of testimony. Amtrak is not a Federal agency and should not, in my view, become one. We will continue to submit our budget requests through DOT and live with the outcome. We are not in the business of submitting our own separate legislation or busting the budget through backdoor procedures. Review of testimony or other concerns of Amtrak impinging on management or operations is something else and is separate from the budget process.

I have already mentioned our concern regarding the funding of labor protective payments from capital funds.

[The following information was subsequently received for the record:]

APRIL 4, 1979.

Hon. RUSSELL B. LONG,
Chairman, Subcommittee on Surface Transportation, Committee on Commerce, Science, and Transportation, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Enclosed are Amtrak's replies to the 27 questions presented us based upon Amtrak President Alan S. Boyd's testimony of March 5, 1979.

If you should need additional information, please advise me.

Sincerely,

CLARK TYLER,
Vice President, Government Affairs.

Enclosure.

In your memorandum of March 23 Question one asked about the results of the September 1978 excursion plan. The following is in response to that question.

In September 1978 Amtrak began offering round-trip travel for one-way plus a fixed amount as illustrated by the following scale:

One-way fare range:	*Fixed return*
$25 to $49.99	$10
$50 to $74.99	$15
$75 and up	$20

An important feature of the plan was that the number of seats available for sale at these prices was limited in the reservation system, and we have the ability to alter that availability according to demand.

There is only a small period of data available to analyze, however, the results indicate a positive effect. Construction of the plan was such that the prime market was long distance travelers (250 miles or more). For the October/November period, passenger miles in 1978 were 14.6% above the 1977 period. I should mention that the routes were positively impacted by service restoration as well. Revenue for long distance routes was 11.4% above the 1977 period.

RELATIVE TO ITEM NO. 2

The Rail System Safety Program has been developed and presented to the Railway Labor Executive Association. It was approved by this Association unanimously and has been approved by our Legal Department.

It is just a question of now getting it printed and after this is done, it will be implemented.

QUESTION NO. 3

For fiscal year 1978, expenses incurred in providing food and beverage services totaled $65.5 million. Revenues were $20.2 million for a loss of $45.3 million. (From Bruce Horowitz memorandum dated January 23, 1979 attached.)

There are three major areas that impact the cost of providing food services on Amtrak, they are:

1. Labor
2. Food and Beverage—on-board
3. Commissary Support Facilities

Each is examined below.

Labor

This is the major expense Antrak bears in food service. While labor costs are determined by contract negotiations, Amtrak presently endeavors to hold down cost by:

1. Turning crew members en route to save expense of salary over portions where demand does not require their service.
2. Reducing staff during the off-peak period of the year.
3. Minimize initial staffing and utilize flexible staffing from locations based on "day of departure" loadings.

Food and Beverage

This is an area that effective planning is impacting costs favorable. Currently we are:

1. Selecting food and beverage items that reduce waste (condemnage).

2. Reducing the number of food items available on the cars (can speed service and/or reduce labor required).
3. Setting prices so as to maximize revenues.
4. Standardizing food items as much as possible to take advantage of volume purchasing and to reduce commissary handling costs.
5. Reducing menu printing costs through standardization and use of cost effective designs and colors.

Commissary Support Facilities

Support operations have been improved in the following areas:
1. Management surveys have been conducted in the two largest locations, Chicago and New York (Grant Central Terminal, Penn Station, Sunnyside Yards and Albany) with the other ten locations scheduled this year 1979) to ensure economic application of OBS support resources to service requirements.
2. Emphasis is beings placed on accountability and stock control methods to economize dollar expenditures for consumable and non-consumable supplies. This action area is focusing on condemnage reduction and quantities ordered and stocked.
3. Audit of Service Attendant dollar remittances for food items sold has been implemented at each field location to ensure funds collected for sale of items on trains are turned in to finance.
4. Controls have been implemented on support equipment to reduce losses and replacement attendant thereto, such as uniforms for OBS employees, linen, dining car equipment and trainside delivery vehicles. In uniforms alone this past year, the savings were in excess of $400,000.

QUESTION No. 4

In your testimony, you state that Amtrak is an experiment which has never really been given a chance to succeed. By this do you mean that the Federal Government has not provided sufficient financial resources? In your opinion, how much money should be invested to provide a fair experiment? What happens if the Federal Government invests billions of dollars in operating subsides and capital improvements and ridership still doesn't increase? How long should the experiment continue?

Answer. Amtrak has not had the necessary financial resources to conduct a worthwhile national experiment on the attractiveness of rail passenger transportation. For example, the cars on our Eastern long haul trains to Florida and to Chicago were generally built between 1939 and 1952. We have not been able to order modern long haul replacements for such services. As a result, equipment failures, freeze-ups, delayed trains, and passenger inconvenience have plagued these trains and probably discouraged many potential passengers. Deteriorated track, slow trains and schedule unreliability have undoubtedly turned other passengers away from us.

The amount needed for a fair experiment is probably not quantifiable at this point. But it can be stated in goals—1) track maintained to the level to allow our long-distance trains to average at least 55 mph, and short-distance trains to average at least 65–70 mph; 2) operating funds to operate at least a daily frequency on all our routes, and offer a convenient selection of departures on our short and medium haul routes; 3) a modern fleet of efficient and functioning passenger cars and locomotives with sufficient carrying capacity to allow Amtrak to expand its services as the national demand for its services increases.

With such resources in place, a fair national experiment could proceed from which in five years or so a reasonable asessment of Amtrak's attractiveness could be made. I have no doubt the ridership and revenues from such a system would be substantial. Even with the antiquated and unreliable equipment we have, the circuitous routings and slow schedules we have often been forced to operate, Amtrak has reversed the downward slide in rail passenger ridership. In 1972, Amtrak carried 16.6 million passengers. In 1978, Amtrak carried approximately 19 million passengers.

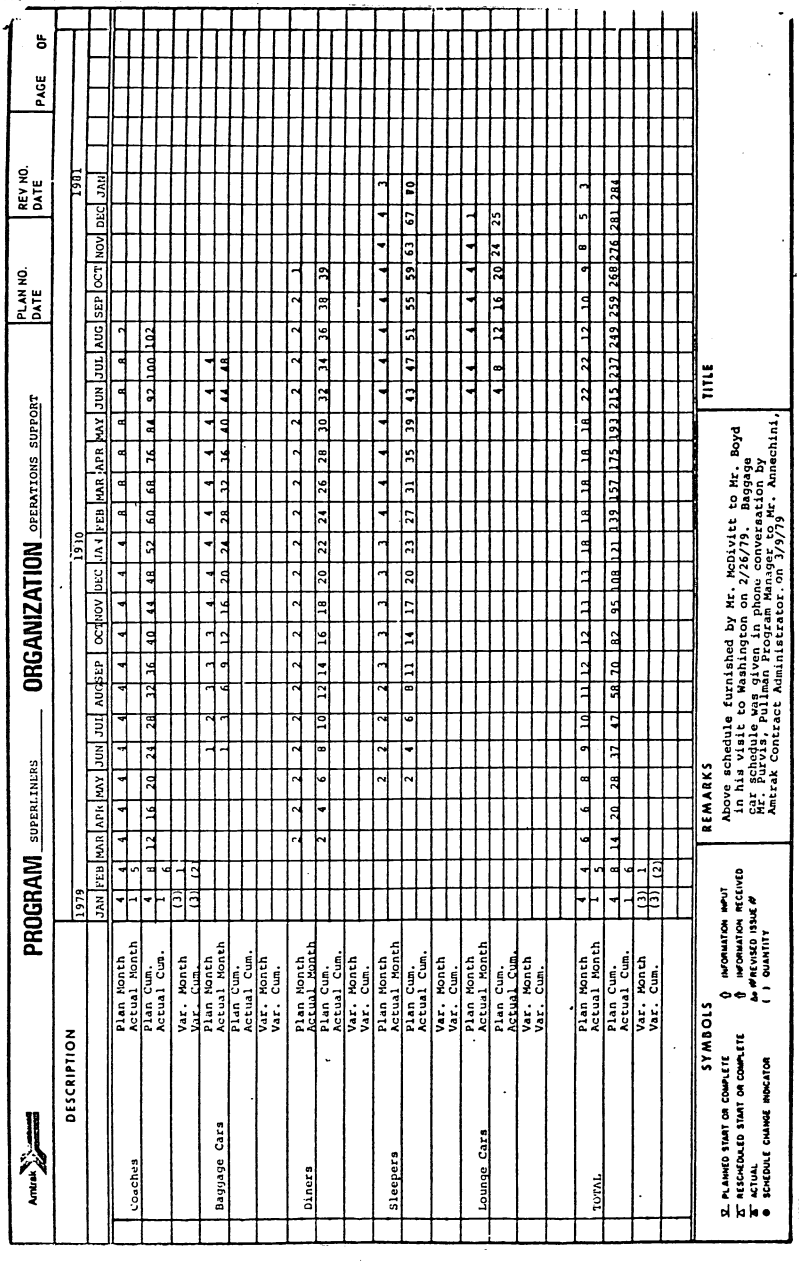
QUESTION No. 5

Deals with Amtrak's average speed being increased from 45 to 55 mph; here again, it is impossible to give you a definite estimate other than a "ball park" estimate. I believe to accomplish this it would require in excess of $3 billion. In order to average 55 mph, you must run considerably higher in a lot of stretches. This estimate is without the beneift of consultation with any of the railroads and

does not include line changes. As you know, there are a lot of areas where it would be impossible to run 55 mph.

QUESTION No. 6

The Pullman Standard bi-level cars, known as Superliners, have been delayed primarily because of a strike against the contractor. Also, there were mechanical problems with the production line and the actual cars which have been largely worked out. Attached is a table showing current projected delivery schedule for this equipment.



Amtrak PROGRAM SUPERLINERS ORGANIZATION OPERATIONS SUPPORT

PLAN NO. DATE | REV NO. DATE | PAGE OF

DESCRIPTION		1979 JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	1980 JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	1981 JAN
Coaches	Plan Month	4	4	4	4	4	4	4	4	4	4	4	4	8	8	8	8	8	8	8	2					
	Actual Month	1	5																							
	Plan Cum.	4	8	12	16	20	24	28	32	36	40	44	48	52	60	68	76	84	92	100	102					
	Actual Cum.	1	6																							
	Var. Month	(3)	1																							
	Var. Cum.	(3)	(2)																							
Baggage Cars	Plan Month						1	2	3	3	4	4	4	4	4	4	4	4	4	4						
	Actual Month						1	3	6	9	12	16	20	24	28	32	36	40	44	48						
	Plan Cum.																									
	Actual Cum.																									
	Var. Month																									
	Var. Cum.																									
Diners	Plan Month			2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	1			
	Actual Month																									
	Plan Cum.			2	4	6	8	10	12	14	16	18	20	22	24	26	28	30	32	34	36	38	39			
	Actual Cum.																									
	Var. Month																									
	Var. Cum.																									
Sleepers	Plan Month						2	2	2	3	3	3	3	3	4	4	4	4	4	4	4	4	4	4	4	3
	Actual Month																									
	Plan Cum.						2	4	6	8	11	14	17	20	23	27	31	35	39	43	47	51	55	59	63	67	70
	Actual Cum.																									
	Var. Month																									
	Var. Cum.																									
Lounge Cars	Plan Month																		4	4	4	4	4	4	4	1
	Actual Month																									
	Plan Cum.																		4	8	12	16	20	24	25	
	Actual Cum.																									
	Var. Month																									
	Var. Cum.																									
TOTAL	Plan Month			4	4	6	6	8	9	10	11	12	12	13	13	18	18	18	18	18	22	22	12	10	9	8	5	3
	Actual Month			1	5																					
	Plan Cum.			4	8	14	20	28	37	47	58	70	82	95	108	121	139	157	175	193	215	237	249	259	268	276	281	284
	Actual Cum.			1	6																					
	Var. Month			(3)	1																					
	Var. Cum.			(3)	(2)																					

SYMBOLS

- ☒ PLANNED START OR COMPLETE
- ☒ RESCHEDULED START OR COMPLETE
- ▣ ACTUAL
- ● SCHEDULE CHANGE INDICATOR
- ◊ INFORMATION INPUT
- ◊ INFORMATION RECEIVED
- Δ# REVISED ISSUE #
- ( ) QUANTITY

REMARKS

Above schedule furnished by Mr. McDivitt to Mr. Boyd in his visit to Washington on 2/26/79. Baggage car schedule was given in phone conversation by Mr. Hall, Pullman Program Manager to Mr. Annechini, Amtrak Contract Administrator on 3/9/79

TITLE

NPC 103

QUESTION No. 7

"In your testimony, you indicated the poor car/route mile ratio of Amtrak in comparison with foreign nations. To what extent will the elimination of 43 percent of the system's route miles help car utilization and that car/route mile ratio?"

Answer. The recommended restructuring of the Amtrak system will reduce car utilization while increasing the passenger car/route mile ratio. Passenger car utilization can vary depending upon route distance, train schedule patterns, mechanical servicing times and equipment reliability. The greater the frequency over short distances the better the utilization. Some examples of reduced car utilization in the restructured system are the rerouted Broadway Limited (New York, Washington to Chicago) which will require 25 percent more equipment due to increased route length and running time, and the Empire Builder (Chicago-Seattle) which will have a lower car utilization ratio due to a reduction in frequency of service during the non-summer months.

The passenger car/route mile ratio will increase in the DOT restructured system because restructuring reduces route miles by 43 percent while reducing the active fleet size by only 37 percent.

QUESTION No. 8

What type of equipment purchases will Amtrak be making in the next five years? By 1984, how many cars will Amtrak own or lease?

Answer. Over the next five years the majority of Amtrak's equipment purchases will be AEM-7 locomotives and new low level long distance cars. The AEM-7 locomotives are required to meet the objectives of the NECIP and low level equipment will replace the 30 year old equipment inherited from predecessor operating railroads. There will be some additional purchases made of electric switcher locomotives for the NEC and other equipment which will support the NECIP program and improve the efficiency of the national rail system.

If the Amtrak route system evolves into the one recommended by the DOT in January 1979 it is estimated tht Amtrak will own or lease 1,233 passenger cars including all self-propelled vehicles by 1984 to satisfy its ridership demand. This assumes that approximately 1,300 antiquated conventional passenger cars will be retired.

QUESTION No. 9

In fiscal year 1978, Amtrak experienced a decrease in ridership to under 19 million passengers. What do you attribute that decrease to?

Answer. Fiscal year 1978 included several factors beyond our control as well as some within our control. The strike against the nation's railroads in September 1978 cost us thousands of passengers during the strike itself and others who may not have trusted trains immediately after the strike. The winter of 1978 caused the cancellation of many trains, both in the Chicago area and in New York and New England. We estimate this latter factor cost us a quarter million passengers.

The Metroliners are being refurbished and in the meantime we are having to increase the running time, costing us passengers. The NECIP work program is also costing us passengers because of the necessary delays.

Discount airfares, reservation staff reductions, and advertising budget reductions all add together to cause us to lose passengers, either to other modes or who simply do not have enough information to travel with us.

Our projection for fiscal year 1978 ridership would have been nearly 22 million, for a 13.6 percent increase over fiscal year 1977, had the above circumstances not intervened.

QUESTION No. 10

In the U.S. Conference of Mayors Study, to be published by the end of April, entitled, "Federal Aid to Transportation," subsidy is defined as direct obligation from the Federal Government.

Users were not included in this study.

We do not have ridership figures for the attached table.

QUESTION No. 11

How many 403(b) services is Amtrak currently operating, and what is the history of losses associated with these services?

Answer. Amtrak is currently providing 403(b) service on the following eleven routes:

Philadelphia-Harrisburg.
New York City-Buffalo.
Chicago-St. Louis.
Chicago-Detroit.
Chicago-Carbondale.
Chicago-Quincy.
Los Angeles-San Diego.
New York City-Montreal.
Chicago-Port Huron.
Chicago-Dubuque.
Minneapolis-Duluth.

The fiscal year 1978 financial operating results on these routes is as follows:

[In thousands of dollars]

	Fiscal year 1978
Cost impact:	
Avoidable costs	19,724
Fixed cost impact [1]	4,339
Total cost impact on system base	24,063
Sources of funding:	
Passenger revenues	9,105
State reimbursement	6,818
Federal subsidy requirement	[2] 8,140
Total	24,063

[1] It is necessary to include a fixed cost amount which reflects the impact on system costs which is not included in current avoidable cost methodology.

[2] The average Federal subsidy requirement for each of the eleven routes is $740,000 per year. If the impact on fixed cost amounts is disregarded, the average would be stated at $345,000 per year per route.

QUESTION No. 12

Are there any requests from the States for new 403(b) services now pending at Amtrak, and, if so, what is the status of those requests?

(a) California:

Sacramento-Oakland-Los Angeles—Amtrak has approved this 403(b) request. However, because of the operating railroad's refusal to operate, our legal department has proceeded with an arbitration case.

Los Angeles-San Diego—Undergoing internal analysis.

Bakersfield-Los Angeles—Extension of San Joaquan—request differed pending resolution of arbitration case concerning Sacramento-Oakland-Los Angeles.

(b) Illinois:

Chicago-Peoria—Negotiations with carriers now in process.

(c) Oregon:

Portland-Eugene—Decision deferred due to inavailability of Amtrak funds.

(d) Pennsylvania:

Altoona-Pittsburgh—Negotiations in process with operating railroad.

All requests for new 403(b) service are contingent on sufficient Amtrak funding.

QUESTION No. 13

I understand that, during the period of gasoline shortages in 1974, Amtrak was contacted by approximately 15 states requesting rail passenger service. If a similar situation arose this year, how would Amtrak respond to States' requests for additional 403(b) services?

Answer. Amtrak's position regarding new 403(b) services was stated in Mr. Boyd's testimony before the Senate Commerce Committee on March 5, it is as follows:

"Amtrak feels that the 403(b) state service program has worked well and, for the six states currently participating, has provided rail service that would not otherwise exist. While the DOT restructuring reports suggest that the states should undertake a larger role in providing financial support, unfortunately, unless some current 403(b) service is cancelled, Amtrak will not have funds to match any new state service."

Backgroud Information requested by the Senate Commerce Transportation Subcommittee—Tim Lynch.

QUESTION No. 14

The Department of Transportation's draft Amtrak authorization bill recommended authorization levels of $567 million for FY 1980, $621 million for FY 1981, and $628 million for FY 1982 to cover Amtrak's operating losses, including the cost of operating 403(b) services. Will the recommended authorization levels cover the cost of operating the existing 403(b) services, and would they allow Amtrak to begin operation of any new 403(b) services?

Answer. The DOT draft Amtrak authorization bill compares with the estimated amounts in the DOT Final Report as follows:

[In millions of dollars]

	Fiscal year—		
	1980	1981	1982
Authorization draft	567	621	628
DOT Report Estimates	552	591	598

The DOT report estimates were developed to include the cost of operating of current 403(b) routes but do not provide for additional services. The higher authorization amounts could provide for some contingencies, including possible 403(b) routes. Amtrak feels, however, that a contingency of 10 percent of projected year subsidy could be required for uncontrollable events such as higher inflation, ridership shortfalls, delays in delivery schedules, and changes in basic assumptions.

QUESTION No. 15

The Department of Transportation's draft Amtrak authorization bill recommended authorization levels of $171 million for FY 1980, $225 million for FY 1981, and $231 million for FY 1982 to cover Amtrak's capital costs, including labor protection costs incurred in implementing DOT's route restructuring recommendations. What is the estimated labor protection cost; over what period will labor protection funds be disbursed, and how does Amtrak plan to use the remaining capital funds?

Answer. The Amtrak spending plan shown below details the labor protection costs, the period over which the labor protection funds are expected to be disbursed, and Amtrak's plan to use the funds available for capital projects.

	Fiscal year 1980	Fiscal year 1981	Fiscal year 1982	3-year total
Labor protection	69.0	22.0	6.0	97.0
Capital projects				
Motive power	63.1	56.5	11.1	130.7
Passenger equipment	29.9	66.2	113.8	209.9
Maintenance facilities	23.1	27.5	35.3	85.9
Stations/other facilities	27.3	31.8	72.3	131.4
Right-of-way	27.6	21.0	38.5	87.1
Total—Capital projects	171.0	203.0	271.0	645.0
Total—Capital projects and labor protection	240.0	225.0	277.0	742.0

In fiscal year 1980, Amtrak and DOT are not in agreement concerning the proper funding source for the cost of labor protection resulting from implementation of the proposed route structure. DOT recommends this $69 million cost be funded from within the $171 million allowed for capital projects, while Amtrak is of the opinion that funding for this requirement should come from another source.

In fiscal year 1982, DOT's draft Amtrak authorization bill recommends a total appropriation of $904 million, consisting of $598 for operation of the system, $225 million for capital projects, $75 million for debt retirement, and $6 million for labor protection. Amtrak recommends instead that the "mix" of the $904 million appro-

priation be revised, allowing $602 million for operation of the system, $271 million for capital projects, $25 million for debt retirement, and $6 million for labor protection. This recommendation is in keeping with DOT's *Final Report to Congress on the Amtrak Route System* (p. 5–2, Table 5–1, Note 1) which states that the proper mix of "capital appropriations" in each year is expected to be determined in the budget process.

Response to Congressional Questions

Question No. 16

I understand that Amtrak will have to incur some special capital costs in order to begin operation of the restructed system recommended by DOT. What is the cost of this transition, and will Amtrak be able to begin operation of the restructured system by October 1, 1979?

Response: There are a number of capital projects required in connection with the rerouting of trains under the restructured system. These capital costs include such items as major track connection projects at Pittsburgh and Cleveland, certain track rehabilitation, track relocation to provide adequate clearance between adjacent tracks, construction of locomotive and car servicing facilities, station platforms and station shelters and buildings. The details of the capital requirements and their related costs are presently being developed. Preliminary estimates of capital costs will probably not be received from the carriers in less than 30 to 60 days. These costs presently appear to be substantially greater than the DOT estimate of $10 million. The complexities of some of these projects (such as the track connections at Cleveland and Pittsburgh) preclude implementation of the new routes until the projects are essentially completed. This will result in route implementations considerably beyond October 1, 1979, and conceivably not within the required one year limitations after Congressional approval.

To provide continued service to points designated on the DOT system which are currently served by Amtrak may require continuing current operations until the required railroad agreement and/or track work are completed. If this becomes necessary, it could result in additional annual costs of $12 to $13 million. We are currently discussing the operational requirements for the new segments with the various railroads. At this time we do not have an exact feel for the start-up date of the new segments but the preliminary indications show that certain of the new segments may not be ready for start-up on October 1, 1979.

Question No. 17

If Amtrak is unable to begin operation of the restructured system by October 1, 1979, will any costs result which are not covered in the fiscal year 1980 operating and capital authorizations?

Response: Capital costs will not materially change if the projects cannot be completed by October 1; however, a crash program to attempt to complete all capital requirements by October 1 would result in greatly increased capital costs.

With respect to fiscal year 1980 operating costs, the necessity to operate the two present western routes to California instead of the proposed consolidated route would result in considerable additional operating expenses; however, we are concentrating our efforts to have the proposed route in service as soon as possible after October 1.

The projected rerouting of the Broadway Limited and the Lake Shore between Chicago and the east coast will actually result in increased operating expenses. Therefore, failure to implement these new routes on October 1 will not add to these increased costs unless alternate service on segments of the proposed routes, such as Washington to Cumberland, is required during the interim period until the new routes can be implemented. An orderly transition coordinating engineering, mechanical and transportation requirements will be most cost effective in the long run.

Question No. 18

Amtrak is currently taking delivery of the Superliners, the new bi level passenger cars. I understand that the Superliners are intended for Amtrak's western routes. Is new single level equipment planned for Amtrak's eastern routes?

Answer. Yes, new single level (which we have named "low-level") equipment is planned for Amtrak's eastern routes. The capital program developed under the DOT restructured system included funds for low-level equipment to be assigned to long haul eastern routes such as New York-Florida, The Broadway Limited, and the Lake Shore Limited.

QUESTION No. 19

How much new single level equipment, would be necessary to operate over the DOT Recommended System, and what would such equipment cost?

Answer. The DOT Recommended System would require 283 low level cars at a cost of $297.5 million (includes escalation expense).

QUESTION No. 20

If new single level equipment was authorized in fiscal year 1980, when could Amtrak expect to take delivery?

Answer. The delivery of new low level equipment is dependent upon the availability of car manufacture production capacity at the time of the order. Under the most optimistic situation Amtrak could expect delivery of the first cars in fiscal year 1982 with all 283 cars to be delivered by the end of fiscal year 1984.

If the car manufacturer capacity is taken up by other car orders, the optimistic schedule would slip by the number of months that Amtrak would have to wait to get into a production line.

QUESTION No. 21

On page 9 of your testimony, you point out some interesting statistics. It appears that Amtrak operates more than twice the amount of route-miles than several foreign passenger rail systems with 1/10 of the equipment. Amtrak presently has 1,250 cars by your figures, what would you suggest would be the ideal number to operate over the present 27,000 mile route system? What would be the ideal number for the recommended restructure?

Answer. Amtrak currently has an active fleet of approximately 1,800 passenger cars (including self propelled vehicles such as the Turboliners and Metroliners) and operates 1,250 on any given day. The comparison of Amtrak's equipment fleet and route system to that of foreign railroads illustrates how thin Amtrak's service is spread throughout the country. This comparison does not illustrate the adequacy of the fleet size to satisfy the operational requirements of the route system.

It is estimated that the current fleet of passenger cars is sufficient to provide daily service over most of the present 27,000 mile route system. Other nations have chosen to provide such quality service frequencies. Presently, another more urgent problem Amtrak faces regarding its rolling stock fleet is not the number of cars it owns but the age and condition of the fleet. Over 50 percent of its currently active fleet are antiquated steam heated cars inherited from its predecessor operating railroads. The age of these cars and the fact that they have been subject to deferred preventive maintenance has caused frequent malfunctioning of the equipment and a high out-of-service ratio. A major capital program is required to replace this antiquated equipment with modern, cost efficient, passenger cars.

It has also been estimated that a fleet of approximately 1,200 passenger cars would be able to operate the route system as recommended by the DOT.

QUESTION No. 22

Further, what would the increase in cost for the restructured system be with the increased cars?

Answer. There would be no increase in costs for the restructured system since current estimates already assume a fleet of passenger cars sufficient to operate the system.

QUESTION No. 23

What does Amtrak pay for a brand new Metroliner car? Average new locomotive? The new double-decker cars used in western service?

Answer. Amtrak has not bought or contracted to buy any new Metroliner cars. It therefore does not have any factual base upon which to estimate the price of a new Metroliner. The average cost to overhaul and upgrade the Metroliners for high speed service in the NEC is $1.35 million per unit. The average cost of a new electric locomotive such as the AEM–7 is estimated at $2.7 million including escalation and a new diesel electric such as the F40PH is estimated at $0.9 million. The average cost of a Superliner car is $0.9 million.

QUESTION No. 24

While Amtrak continues to attempt to obtain needed work relief through the collective bargaining process, its success in this area has been limited.

In order to freely evaluate the foregoing statement, certain facts must first be put in proper perspective. In its early days, Amtrak relied almost exclusively on employees furnished by contracting railroads. These employees were governed by the work and pay rules covered in the respective collective bargaining agreements and depended less and less on employees of other railroads.

Today, the only significant use of other than Amtrak employees is in train and engine service (operating personnel). Amtrak employes none of its own train and engine employees, either within or outside the Northeast Corridor. These employees are governed by the collective bargaining agreements of the various contracting railroads and Amtrak is prohibited by the Railway Labor Act from entering into collective bargaining negotiations with the labor organizations representing the employees involved.

Relief from existing work rules applicable to operating personnel can only be obtained through the negotiation efforts of the contracting railroads. While some relief has been obtained on a case by case basis as a result of our requests of the various roads involved, it is fair and factual to say that the contracting railroads have been no more successful in obtaining work rule relief for Amtrak than they have been in negotiating such relief for their own operations.

In the period between 1971 and April 1, 1976, when the Northeast Corridor was acquired pursuant to the 3R Act, Amtrak entered into a number of collective bargaining agreements covering its employees. These agreements resulted in some flexibility and productivity improvements over the traditional non-operating collective bargaining agreements; however, because of the scope of Amtrak operations prior to acquisition of the Corridor, limited maintenance personnel were employed and, as of April 1, 1976, final agreement has been concluded with only two of the eight unions representing the various maintenance crafts.

Acquisition of the Northeast Corridor dramatically changed the scope of Amtrak's operations. Particularly significant was the expanded responsibility for maintenance. Unfortunately, the very legislation which made it possible for Amtrak to acquire the Northeast Corridor, also made it virtually impossible for it to obtain any significant "streamlining" of the work rules applicable to its maintenance personnel.

Section 504(f) of the 3R Act placed Amtrak in the following negotiating posture:

1. It could not offer employment to Conrail employees who had been performing the work to be taken over by Amtrak until implementing agreements has been entered into with each of the labor organizations involved.

2. Before the terms of the implementing agreements could be applied to effect the transfer of employees from Conrail to Amtrak, Amtrak was required to negotiate agreements with each of the labor organizations covering rules, rates of pay and working conditions.

3. If any of the agreements covered in (2) above were not concluded in 60 days, the applicable Conrail agreement became the Amtrak collective bargaining agreement.

These requirements, coupled with the labor protection provisions of Section 505, placed Amtrak in the worse possible "negotiating" posture. Given these circumstances, the resultant collective bargaining agreements do not represent a significant streamlining of work rules.

The collective bargaining process is, however, a continuing one. Work rule flexibility resulting in meaningful productivity gains is, and will remain, a top Amtrak priority.

Question No. 25

Before the route restructure was ever contemplated, Amtrack was allowed to enter into firm contracts for the purchase of many new double decker trains that were to be dedicated for service in the West. What is the status for the delivery on these cars? Will there still be a western service network that will make adequate use of these cars?

Answer. To date, Amtrak has accepted seven Superliner coach cars. Based upon Pullman Standard's most recent delivery schedule, 108 cars will be delivered by the end of calendar year 1979. At the end of calendar year 1980 281 cars will be delivered with the last three cars to be delivered by January 1981.

The Amtrak route system as recommended by the DOT in January, 1979, will be adequate to utilize all the Superliner equipment. The recommended route system will require 256 Superliner cars for long distance services. The remaining cars will be utilized in 1) short haul routes freeing Amfleet equipment to meet the NEC's projected ridership at the completion of the NECIP, 2) routes with increased in service frequency, and/or 3) routes that experience unanticipated ridership growth.

QUESTION No. 26

A Manufacturer in the last year designed and put into production a self-propelled rail car. It would seem that this particular vehicle designed to operate with only one crew-person might be instrumental to Amtrak in operating over traditionally low density passenger routes at a fraction of the present cost of a full consist of seven cars and as much as 6 operating personnel.

It would seem that several of these vehicles could operate over low density areas and act as a gathering service to feed longer distance conventional trains. What research, testing, experiments, or investigation has Amtrak/DOT done with regard to this idea? Do you have any costing figures available? It would seem that several states might utilize this concept as a substitute for the conventional 403(b) subsidized train approach.

Answer. Amtrak is in the final stages of negotiating an agreement with the State of Connecticut which will significantly improve the level of rail passenger service offered within the State. The State will be purchasing new self-propelled rail cars for Amtrak to operate on a service that currently has outdated equipment.

Amtrak and the Manufacturer are participating in joint economic studies and operational tests of this self-propelled vehicle known as the SPV-2000. The preliminary results of the economic studies as related to capital and operating costs have indicated that the operation of the self-propelled vehicle is generally cost-efficient compared to a locomotive hauled train when the consist requirements are two cars or less. However, the self-propelled vehicle cannot be assigned to routes based solely on the average consist requirements for any of the following reasons:

Railroads, such as the AT&SF, will not allow the operation of self-propelled vehicles over their tracks.

Railroads, such as the ICG, require at least three cars in each consist to insure that signals and grade crossing protection are activated. The economics justifying the purchase and operation of the self-propelled vehicle are eliminated in this situation.

The assignment of non-standardized equipment to an isolated route impacts the ability to maintain the equipment in an economic manner.

It should also be mentioned that a so-called full consist of seven cars is not operated in low density areas. The particular consist operated on a locomotive hauled train is adjusted to provide a minimum amount of equipment to satisfy ridership demand. At times this means that as few as two cars are operated in a consist with a locomotive. Also, current railroad union agreements require the assignment of an engineer, fireman and conductor to the new self-propelled vehicle as compared to the one crew-person mentioned in this question. Furthermore, under some labor agreements a second self-propelled car requires a second trainman, that is, a total of four crewmen.

The operational tests of the self-propelled unit have indicated that it can be modified to operate in a locomotive hauled train consist with Amfleet cars. The final decision to operate this type of service must be based on consideration of the cost of providing compatible electric power and communication lines, car diaphragms and high speed transmissions that will function properly when the car is being towed at high speed.

QUESTION No. 27

The Canadian (United Aircraft) Turbo-trains have proven very disappointing in use, both in the Northeast Corridor and elsewhere. They have suffered an extremely high "out of service" ratio, due both to the propulsion used and the articulation system. We have considered rehabilitating them but are, at this point, recommending against it because of the incompatability of these units with the remainder of our system, the electrification proposed for the Northeast Corridor, where they could be most effectively used, and the cost of rehabilitation.

For your information, none of these trains is sitting in our New York Avenue yard. All sets are presently stored in a more secluded place at Philadelphia.

The Canadian sets have had an engine replacement and have use parts cannibilized from other sets.

We still own the sets we purchased from United Aircraft. We are interested in leasing or selling them to Via Canda for use with their sets.

Senator LONG. We will next call Mr. Jim Snyder.

We are happy to see you here.

I am happy to see you again.

I also want to congratulate you on the fine job you have done representing the railroad workers of America.

STATEMENT OF J. R. SNYDER, CHAIRMAN, LEGISLATIVE COMMITTEE, RAILWAY LABOR EXECUTIVES ASSOCIATION, AND NATIONAL LEGISLATIVE DIRECTOR, UNITED TRANSPORTATION UNION; ACCOMPANIED BY W. G. MAHONEY, COUNSEL

Mr. SNYDER. Thank you, Mr. Chairman and members of the committee.

It's indeed a pleasure to be here, on the bottom of the totem pole here.

Senator LONG. There are a lot more waiting behind you. Don't worry about that. You are right about the middle. Right behind the administration's witnesses.

Mr. SNYDER. Thank you very much.

I would like, with your permission, to read my entire statement in the record.

Mr. Chairman and members of the subcommittee, on behalf of the Railway Labor Executive Association, its members and the employees of the Nation's railroads whom they represent, I wish to express our appreciation of the opportunity to present to you their views on a subject which we are convinced is most vital to this Nation's future welfare, not only in terms of our future transportation needs but also in terms of energy conservation.

My name is J. R. Snyder. I am chairman of the legislative committee of the Railway Labor Executives' Association and the national legislative director of the United Transportation Union. My office is located in the Railway Labor Building, 400 First Street, NW., Washington, D.C. Accompanying me is Mr. William G. Mahoney, counsel to the Railway Labor Executives' Association.

The Railway Labor Executives' Association is an unincorporated association with which are affiliated the chief executive officers of all of the standard national and international railway labor unions in the United States.

When Amtrak was created, the Congress was fully aware that a massive Federal financial effort would have to be undertaken to preserve rail passenger transportation in this country. This new creature of the Congress literally had to resurrect the corpse of rail passenger service. Everyone concerned with the enactment of the Rail Passenger Service Act of 1970 knew that resurrection could not be accomplished cheaply, easily, or quickly. Amtrak had to take over equipment that was virtually worthless and operate it over rights-of-way which, for the most part, were completely inadequate.

In order to evaluate properly the final report to Congress on the Amtrak route system and the recommendations made in that report, it must be precisely determined what we expect of the rail passenger service in the future.

We must look at the transportation in this country, what it will be like 25 to 30 years from now.

It seems to us that this country can't afford to dismiss the existence of Amtrak routes simply because at the present time there are adequate alternative means of transportation or because

certain routes have not yet been developed, as much as we believe they should.

The future of transportation in the country would be governed by the availability and cost of fuel, considerations which were appropriate measures of the need for the rail passenger service in the past simply will not be appropriate in the future.

Nobody can deny it would be in our national interest, indeed, whenever action of the OPEC countries demonstrated it would be vital to our national interest to have a nationwide rail system that would be fully utilized by the traveling public, nor can it be ordered that such a system would not be fully patronized if it were made attractive to the public.

The day is approaching when gas will become so expensive and perhaps so scarce that intercity rail service would be preferred to travel by private auto.

Billions of tax dollars are being spent on mass transit.

This money will not be recovered except in terms of preservation of the quality of life which we believe to be necessary.

Such expenditures will be required for rail service for the same reason.

We can't afford to destroy half our existing lines, because the service we destroyed over a period of some 20 years hasn't been satisfactory.

The position taken by DOT in its final report can be viewed as of value only if rail passenger service is looked upon as unnecessary, old fashioned methods of intercity transportation.

We have seriously and constantly—the energy crisis we face destroys that position. We are convinced the time is near when the citizens of the country will take the trains because the automobile will be too expensive or unavailable to them. The accuracy of this conclusion is confirmed by events which occurred during the so-called Arab oil crisis of 1973, when the Amtrak could not obtain enough passenger cars to service the upsurge in patronage it experienced.

The future of rail passenger service in this country was doomed with the enactment of the Transportation Act of 1958 which permitted discontinuance of the passenger trains on notice.

Hundreds of trains were permitted to deteriorate and were discontinued.

ICC found some trains which passengers stubbornly remained faithful to were deliberately downgraded.

Upon the inauguration of Amtrak, hundreds more trains were discontinued, though some members operated at a profit. Those that remained presented a sorry sight in terms of equipment and scheduling.

By the time Amtrak began operation, the traveling public for 13 years had been urged in every way to use other forms of transportation.

That education was effective.

It would remain effective until rail passenger operation—and to a great extent, quantity are reestablished in this country or until the public is simply forced back to the rails by the scarcity and cost of gas.

An acceptable level of operation is being reestablished between Washington and Boston with favorable results.

We believe it can and, indeed, must be reestablished elsewhere with regard to a change in the public attitude toward passenger trains.

There is encouraging evidence in the statistics recently released by Amtrak.

These show ridership increasing on Amtrak through the country.

Comparing fiscal year 1978 with fiscal year 1979, ridership increased over 6 percent.

The Northeast corridor increased ridership by only 1.9. Short-distance travel increased by 13.4, long distance by 8.7. Among the long-distance routes which increased initially were the New York-Florida 28.7, the Chicago to New Orleans 16 percent, Chicago to Los Angeles 15.3, Chicago to San Franciso 11.9, and Chicago to Laredo 16.5.

The progress made on the three latter routes will be destroyed if the Department's recommendations are put into effect.

The market for rail service is not to be found among those who fly, but in those who drive.

Clearly, this should be of paramount interest for Amtrak to cut deeply into that market.

It will never do so, if the final recommendation of DOT becomes effective. The Department's recommendations would not only condemn our rail passenger system to unexpandable straitjacket existence which would insure its ultimate extinction; but would also prove unworkable.

For example, the final report doesn't indicate whether the non-Amtrak railroads will agree to operate Amtrak trains over the modified routes, and we understand some railroads will refuse to operate Amtrak trains over the proposed new routes.

In the above trains, primarily in most of the—there is a triweekly service, which would be a further deterioration of service which could result in just the Northeast corridor passenger service for years to come.

Looking at Amtrak as a corporation that should fail to make a profit, we doom rail passenger service at the outset. By cutting its route mileage by 43 percent, we prevent Amtrak from becoming a truly national system and begin a process that can only lead to initial reduction in route mileage and eventually the cessation of all operations, except perhaps those in the Northeast corridor.

The loss of the national rail passenger service will eventually cost this country a great deal more than money.

At the very best it will result in much faster deterioration of the fossil fuel and at worst it could result in citizens being unable to travel for pleasure or in some cases for need.

What is gained by this reduction is paltry even by the figures presented by the Department.

While reducing Amtrak by 43 percent, we save about 20 percent in Government funding, when the additional cost of track changes and employee protection is figured in: 3,400 Amtrak employees, about 17 percent of the total work force, and 2,400 employees of other railroads will be laid off.

Hundreds of others will be displaced to lower paying jobs, forced to move their homes, or both, as a result of the process begun by the 5,800 job abolishments.

According to the Department's estimate, these adverse effects will cost the Government $69 million in fiscal 1980 and a total of $97 million in fiscal year 1980 through 1984 under the employee protection system designed by the Secretary of Labor under the Rail Passenger Act of 1970.

This latter cost could be much higher if the 5,800 employees who are laid off are paid the equivalent of their wages for only 3 years. The cost could run as high as $300 million, and the figure does not include displacement allowances to employees bumped to lower paying jobs or moving expenses nor does it include the additional 3 years protection which would be due non-Amtrak employees, because of their longer service that could come to another $150 million.

That it will cost only 32 percent of the potential as indicated by the Department of Transportation seems to be optimistic.

It is the position of rail labor first that the final report recommendation designating the basic route system for Amtrak should be disapproved by both Houses in the Congress.

To that end we support the adoption of Senate Resolution 62 introduced on February 7, 1979 by Senator Leahy.

Second, that Congress formally recognizes the mission of Amtrak to be a public service mission and enact legislation which will reflect that.

In this regard we recommend your favorable consideration of legislation such as the proposed bill entitled Amtrak Cost Allocation Act of 1979, which we understand will be introduced in the Senate in the near future.

In the meantime sufficient funding should be authorized to permit Amtrak to maintain its present system.

We submit this makes good sense.

It would cost no more than what is recommended for authorization by the Department proposal.

The Department seeks a 3-year operating expense subsidy fund of $567 million for the fiscal year ending 1980; $621.5 million for the fiscal year ending 1981; and $628 million for the fiscal year ending September 30, 1982.

We do support the 3-year authorization.

We do think it's needed.

In a separate Northeast corridor proposal, it recommended an increase in funds of $654 million from the $1.6 billion to $2.254 billion, and we support that.

I understand this to be in the bill sent to the Hill.

Because of the lead time required by the proposed corridor projects, $100 million of the proposed increase can't be utilized in the time allowed.

We urge that the Congress apply that $100 million to the Amtrak authorization for fiscal year 1980 and require the Amtrak Board and its management to operate on those funds through the fiscal year 1982 by paring the system if necessary to keep within the authorizations requested by the Department.

This has the advantage of providing Amtrak management time to plan and work toward a system designed by itself on the basis of business judgment rather than of a system imposed on it from the outside.

It would also cost no more than the Department recommends be spent on Amtrak in the Northeast corridor over the next 3 years.

In addition, it would prevent the drastic or immediate cuts in the system recommended by the Department.

In closing I would again emphasize our conviction that Amtrak is needed to provide a vital future public service.

This country can't afford to accept the Department's recommendation to dismember it, nor can we accept as either logical or rational—in the face of eventual fuel shortages—an administration transportation budget which increases financial aid to less fuel efficient modes of transportation by 6 percent, $12.79 billion, while reducing aid to our most fuel efficient, and in the long run, our most vital transportation system by a 27-percent cut of $1.67 billion.

I have attached two exhibits to my statement which show the large population of metropolitan city areas which will lose all Amtrak service if the trains which the Secretary marked for discontinuance are removed.

Also, the amount of Federal money which will have been wasted in the building of new Amtrak stations and rebuilding stations on these routes as shown in exhibit 2.

Mr. Chairman, I would like to express our appreciation for the opportunity to present our views on this most important subject, and we would be delighted to receive any question on the exhibit from you.

On exhibit 1 it shows 205 cities and towns on the lines to be proposed eliminated under the DOT plan that would have no rail service whatsoever. We show a population of 14,301,000. This does not include the Crescent. As you know and I know, it operates in about 10 States there.

Thank you, Mr. Chairman.

[The exhibits follow:]

EXHIBIT 1

TOTAL POPULATION AND RIDERSHIP

	Number stations losing all services	City population	1977 ridership
Inter-American	18	2,722,000	173,073
Pacific International	7	525,000	70,525
Southwest Limited	18	496,000	216,562
Lakeshore Limited	1	128,000	12,327
Pioneer	13	230,000	68,566
San Joaquin	8	345,800	133,341
North Coast Hiawatha	21	352,090	113,468
Cardinal	19	874,000	170,027
Hilltopper	11	214,000	65,608
Shenandoan	9	125,000	42,277
San Francisco Zephyr	13	664,000	90,370
Montrealer	10	1,285,000	112,308
Lone Star	23	2,314,000	221,443

TOTAL POPULATION AND RIDERSHIP—Continued

	Number stations losing all services	City population	1977 ridership
Broadway Limited	6	513,000	35,881
National Limited	9	904,000	66,235
Floridian	19	2,592,000	226,648
Total (without Crescent)	205	14,301,800	1,818,659

EXHIBIT 2

Money Amtrak has spent for station improvements on routes being eliminated

Inter-American	$1,108,000
Pacific International	94,300
Southwest Limited	106,900
Pioneer	306,000
San Joaquin	229,000
North Coast Hiawatha	98,800
Cardinal	986,125
Hilltopper	1,001,825
Shenandoah	323,200
San Francisco Zephyr	138,200
Montrealer	142,500
Lone Star	320,300
Broadway Limited	334,000
National Limited	156,000
Floridian	397,350
Total	5,742,000

Senator LONG. Thank you very much, Mr. Snyder.

I am very hopeful that we can move into a future for railroading where we will have much faster equipment and move a great many more people on it.

What do you think the potential is of making those trains move a great deal faster?

Mr. SNYDER. Better equipment, as Mr. Boyd pointed out. No question about it. Improved new equipment, better road beds to operate over. Faster schedules. Better connections. Rerouting some. That is, I think, one of the major reasons we recommended to the committee here to take some of the northeast funds and operate the system for another year and send it down to the board of directors of Amtrak who should be with their staff people—Amtrak staff people should come up with, I think, a much better plan than the DOT came up with.

As we see it, as practical railroad people, in looking at this map here, going into the triweekly service, if you want to kill a train quick, put in triweekly service.

It doesn't reduce the cost all that much. This is the way it looks to us.

If Congress adopts this plan, in a very few years, you will have nothing but the Northeast corridor left. It's so confusing for people to ride on a triweekly train.

I know from experience and operating one as a conductor and trainman that it's just almost impossible. It's very confusing for the people. They will run what passengers you have away.

Senator LONG. In my part of the country, as I indicated, we could very much use a lot more grade separations. We have to find

money to pay for it. But the first order of business, if I had money to use in Louisiana, I would put it on grade separations and I would try to get it so we could move traffic into the heart of those cities really rapidly.

It seems as though you can start out by getting something modern and fast that people use, then you have a chance to expand from there to extend it for longer distances and move from there hopefully until you have a better system.

To do that, I guess we need a stronger budget. In order to do that, we need to start thinking in somewhat different terms, whether you buy a physical asset, even when you are in a modern railroad, you want to put it on the books as an asset and count it as such rather than handling it in such a way that it looks like the Government is out that money because it puts money into something we thought would be an asset for the future.

I hope you don't too much disagree with that.

Mr. SNYDER. Mr. Chairman, during the course of the day with the various witnesses, you mentioned the Crescent on several occasions, where I think you are being discriminated against. I know I am. The people from the South have reason to feel this.

This is one of the finest passenger trains in the country. Even though the equipment was old, it goes back into the thirties, the Southern did a good job of operating those trains.

I, personally, the last few years, up until just the last few years here, rode that train once or twice every 2 weeks between here and Atlanta. In most every case, the train was loaded both ways.

You couldn't get in the dining car. The potential of rail passenger travel is really there. It's really there on those trains. Like a lot of these—I am personally acquainted with that particular train, the Crescent.

Senator LONG. My impression was when I used to ride the Crescent, it seems to me as though that train got up here in about 36 hours. It seems that when I first started riding it, you would get on at New Orleans and come up this way about 11 at night and then ride all night and then ride all the next day and you would get in here about 6 in the morning in Washington. That would be—about 36 hours, I guess.

Someone told me that train is doing it in 24.

Mr. SNYDER. Yes. It leaves 7 in the evening and gets into New Orleans the next evening about 7 or 8 o'clock New Orleans time—24–25 hours.

Senator LONG. About 25 hours from here?

Mr. SNYDER. Right.

Senator LONG. Back in the days when I rode it, it seemed it didn't make that time. I think it was about 10 or 11 at night then.

Mr. SNYDER. This is the latest Crescent. The old Crescent you are speaking about was an all-Pullman train leaving New Orleans and it took a little longer coming through Montgomery and that way.

But that train is gone for a number of years.

Now they have taken that name and put it over to the Southern, which Southern operates exclusive between Washington and New Orleans.

Senator LONG. Make it about 25 hours then.

Mr. SNYDER. Yes. A shorter route than when you traveled back in the early thirties.

Senator LONG. I rode it a time or two when I first came up here but my impression was it didn't get here in 25 hours.

Mr. SNYDER. You raised a question about the number of people operating the Crescent. I would like to say this: There are always ways you can reduce the number of personnel on a train.

We got the mechanics for that in the Railway Act to reduce this. But let's go back.

In 1963, when the fireman issue was on the Hill before this committee, Senator Cannon remembers this—I don't think he was on this committee at that time—we had numerous hearings.

That is when the 282 came in and they reduced and took the fireman off. At no time were passenger crews an issue in this. At no time has it been an issue because of safety reasons.

You can reduce the personnel on this but to have a safe and economical operation, a real safe operation and give service and keep those people on there riding the train, you have to have sufficient manpower on there to operate the train.

Senator LONG. It seems to me two things. One, you ought to try to make those trains move faster if we can.

That means straighter tracks. Less inclines. It means a little more efficient service. Less stops at some of these—perhaps less stops, shorter period of time in the stations. It would need to shorten the time. It obviously has been shortened since the day I first rode up here as a boy.

That is No. 1, get there quicker.

No. 2, insofar as we can provide a more efficient service, we ought to try to do it. A friend of mine was an old conductor and he didn't ride airlines very much because he had a pass. He could go anywhere free on the train.

In the old tradition, he didn't see any point in paying to go somewhere if he could go there free with his pass.

I was talking to him after his first long-distance trip on a plane, took out his watch to see how long it took those young ladies to put the meal down and was shocked to see they could feed about 100 people in a period of 20 minutes.

He was shocked. He couldn't do anything like that with a train. I would think if that guy owned a train company, he would have figured out some way to compete with that rapid airline service.

Senator SCHMITT. It can be done the same as the airlines, but would probably cost more money. Back to your first inquiry, your question there about speeding up the trains and that type of thing, in all fairness to Amtrak and the officials of Amtrak and the employees of Amtrak, I think they have done a remarkable job under adverse conditions.

These railroads have not cooperated. The record shows that, with the exception of the Southern perhaps. They will put it on the side track for coal trains and local freights.

These trains don't operate on time. The Amtrak officials know they haven't been kept on time because the railroads have not given them any type of priority.

Senator LONG. Some friend was riding that Crescent a while back and the train jumped off the track.

That is the first time I heard of the Crescent jumping off the track in many, many years. So obviously it's not being given the attention it was given at an earlier date.

It was unheard of for the Crescent to jump the track.

Mr. SNYDER. I think it was the track—a slow order of repair on the track or something like that.

Senator LONG. Thank you very much.

Senator Cannon.

The CHAIRMAN. Thank you very much, Mr. Chairman.

Mr. Snyder, let me ask you this: Does your organization favor any reductions at all in the size of Amtrak from what it presently is?

Mr. SNYDER. No; we don't favor the reduction across the board in the DOT plan. In some areas—that was our purpose of recommending to the committee here that: Send it back to the drawing board at Amtrak; that there could be rerouting and some token reduction in service, but let somebody that is being paid to do it—the Amtrak Board. Let them do it. They have the personnel to do it.

In all fairness to this committee, in all fairness to the DOT, they don't have the equipment to do it.

The CHAIRMAN. You heard Amtrak say here today they supported this reduction.

Mr. SNYDER. To my understanding, Amtrak is going to support whatever Congress gives them. Not necessarily this reduction here but what the Congress gives them to operate.

Mr. Boyd was talking, as far as the dollars go, it has been recommended in the first-year authorization—3-year authorization.

The CHAIRMAN. You suggested in your statement that Congress take $100 millon that isn't required right now in connection with the Northeast corridor proposal, and add that to Amtrak's authorization for fiscal year 1980, and let them operate through fiscal year 1982, and then say this has the advantage over providing Amtrak's management time to plan and work toward a system designed by itself on the basis of business judgment rather than of a system imposed on it from the outside.

Are you suggesting that business judgment is not used in arriving at whether these segments ought to be or ought not to be maintained?

Mr. SNYDER. Yes; I think the DOT did a miserable job on this plan, the bureaucrats down there. I don't think they have done a good job on this at all. I think the Amtrak officials and Amtrak Board would be in a better position to do this.

The reason that we recommend $100 million, under the DOT proposal that was sent to the Hill here, it's an extension from a 6-year to an 8-year with an increase of $654 million for the Northeast corridor.

All we say it is to take that $100 million in the first year and operate this system and send it back down there and see if we can't get this thing straightened out. This is our best approach to it.

The CHAIRMAN. You say to do it on the basis of wise judgment. I thought that is what these people were doing. When we gave the direction from the act last year as to where they would go, we certainly expected them to use business judgment.

I am wondering if you think it's good business judgment to continue to run these segments where they obviously have no possible chance of ever operating at a profit. Is that good business judgment?

Mr. SNYDER. Senator Cannon, if you recall last year when we had the Amtrak authorization, it was brought up about the crisis and all that. And under the statement—correct me, if I am wrong—if they cut off everyone on the train and just had an engineer, they would still lose money.

The record shows that any public transportation in the country or throughout the world is not operating at a profit. Amtrak won't operate at a profit. What rail labor will do, would be glad to sit down with Amtrak and work with this Congress to have a decent passenger system in the country and operate it the most economical way we can.

Senator LONG. Could I ask about another matter?

It seems to me if we want to save rail passenger services for the public and want to save as much of it as we can, then the first order of business ought to be to give the public something they can see, something that they can use that they would like to expand.

Now Mr. Boyd sat where you are sitting a few minutes ago, and he said when they get the Northeast corridor thing completed, you will have to beat passengers off because so many people will want to ride on it. Did you hear him say that?

Mr. SNYDER. Yes.

Senator LONG. If it is anything like that good, it seems to me we ought to get busy and get it done in a hurry. This thing about waiting until 1983, you will have a lot of services shut down by then. A lot will be gone because of what the public sees today looks like a losing proposition.

Mr. SNYDER. There's a market out there, Mr. Chairman, for rail passenger business along the line you are talking about, if you give them service. You can't run the train and miss connections and be 4 to 5 hours late and miss connections with not up-to-date equipment.

As pointed out, in the severe winter we had, the heat is off. In the summertime the air-conditioning doesn't work. It's like a good restaurant.

Senator LONG. Here is the point I had in mind. It seems to me the way the act was administered was a disgrace, to begin with. We thought that we would make money available for railroads to repair their tracks or put them in shape and then found the people amending the 4R Act in such a way that in order to get a loan to fix your tracks up, you had to prove you were bankrupt.

Mr. SNYDER. You are absolutely right.

Senator LONG. In other words, it actually worked out that either you had to prove you were bankrupt on the one hand, which would destroy your ability to borrow money in the private market, or else you would have to prove you were in such good shape that you didn't need the Government money.

Mr. SNYDER. We wrestled with that with DOT. We wrestled with them at meeting after meeting in trying to insist the railroad does need money to rehabilitate the track.

Senator LONG. It seems to me as though we ought to start out by saying we will make a loan guarantee where we think this thing is worth doing. We will make a loan guarantee and all you have to pledge is just the piece of track that we put in shape.

In other words, if we put some rails down here, you could just pledge us that strip of track right there for that loan guarantee. The railroad can't operate without the track. That's all you have to do. Just pledge that asset.

Likewise, if you want to get some new equipment, we will guarantee the loan for the latest locomotive and guarantee the loan for the latest equipment. Give us a chattel mortage on the equipment. That's all. If you do that, we can get lots of equipment in a hurry.

And if we do that type of thing, I don't see why we need to wait until 1983 to get something done. You have budgetary problems scaring them off fixing up this Northeast corridor. It seems to me the answer is to use a loan guarantee approach on that; to say, go ahead and get the thing off, to move, to get this finished.

Any reason why they can't shut down 5 miles of track at a time and use a track alongside of that while they are putting some track in order?

Mr. SNYDER. In most cases, I think that could be worked out. In some cases, it would create a problem. But if they turned it over to me and you and this committee, we can get the ball rolling.

Senator LONG. I think as far as getting tracks fixed up and a few grade separations, they ought to give us complete carte blanche to go ahead and do it our way. Just give us the old railroad highball to go ahead; and it seems to me we could get that done in about a year or so.

Thank you very much. Did you want to comment on something else?

Mr. MAHONEY. All I had in mind was to supplement Mr. Snyder's statement with respect to the question of Senator Cannon. That was the theory that we had, was to take the money that DOT recommended for authorization for the Northeast corridor and Amtrak, take $100 million off that, which we understand could not be used in the time allotted on the Northeast corridor, anyway, put it into Amtrak for the first year and utilize it then for recommendations for the second and third year that the DOT made; leave the system as it is and let Amtrak determine on the basis of its knowledge and its experience what it should cut.

Now, it might cut back to this system—we hope not—the proposed DOT system. It might cut back to something substantially less, we hope. It might not cut back, for example, on a train that this past year gained 68 percent ridership. None of that went into the DOT thing. None of these gains on any of these trains went to the DOT thing.

They sat back and decided you need triweekly service around the country, except for the Northeast corridor. When people try to figure whether they will ride south Monday and Thursday, and north Tuesday and Friday, they won't ride it.

Without costing more, you can let Amtrak make that decision and let you know what they have done. They will have an opportunity to plan ahead with that money.

Mr. SNYDER. One other impact I failed to mention in the statement here is very important, I think, with the 5,800 jobs here. These people want work. They are good dedicated people. They want to work here. You know, we have a problem with the Railroad Retirement System. The Railroad Retirement System is running a 4-percent deficit. When you cut a block off 5,800 employees participating in the plan, that would cause additional problems for them, in the railroads themselves.

The CHAIRMAN. One of the things that disturbs me, you are suggesting, it seems to me from what you say, that this can be made a profitable operation, based on business judgment. I don't agree. I don't think there is any way in the world the railroads of the country can be made profitable from the passenger standpoint. That's what we are trying to do, is arrive at what we actually need as a part of our national transportation system.

I think if they could be made profitable, certainly the Southern Crescent would not be—you would not have had a private company trying to get rid of it. From what I hear, the Southern Crescent was probably the best train in the country. Yet it was in such condition that the company that owned it, running it on a private business-like basis, couldn't make a profit.

Do you agree with that?

Mr. MAHONEY. No, I don't, Senator. Passenger trains in this country have never been profitable at best—ever. Back in 1958 when the Transportation Act of 1958 was passed, a deliberate judgment was made to get rid of passenger trains by the railroads. They did a very good job of it. People were discouraged from riding them. They took the capital investment they had and put it in freight which was much more remunerative. That is easily understandable. The problem is when we get to Amtrak, they pared the system down to such a point where it's practically as small as you could get it in a national system.

What happened here, when Mr. Snyder used the term business judgment, that meant that they would not take a train that has just had a 68-percent increase in ridership and may look like it will have another the year after that and take it off. That doesn't mean that train would ever be profitable.

The CHAIRMAN. Which one are you referring to?

Mr. SNYDER. Portland to Seattle.

Mr. MAHONEY. Seattle to Portland. Between December 1977 and December 1978, they had a 68.8 percent increase in ridership, according to Amtrak's figures. Now I wouldn't think Amtrak would take that train off. The DOT is taking that off.

The CHAIRMAN. There could be a lot of other considerations as to how it fits into the network and what the comparable costs are as well.

Mr. MAHONEY. Whatever they are, they are not in the final report to Congress on the Amtrak route system.

The CHAIRMAN. The staff advises me that that is primarily a commuter train, which is something that we are not talking about here.

Mr. MAHONEY. Not the 68-something percent increase from Portland to Seattle. Unless everbody riding from Portland to Seattle are considered commuters.

There are others. There is a long stretch of others. Los Angeles and San Diego, 40 percent. Washington-Cincinnati 36 percent. These are percentage increases.

It seems to me that the railroad itself looking at it might be able to take all the considerations into view and say, well, there is—although we had a 15 or 30 percent increase on that train, that was due to such and such and we ought to take it off.

But to have an agency say that, when they really don't know—all they are getting is older figures and don't know. They are trying to set up a system into a tri-weekly service except for the Northeast, or virtually all of it, is to destroy the system and not put it on a business judgment basis, even though all that means is you lose less money. Not make a profit, just lose less money on it. And you will serve more people.

The CHAIRMAN. We gave Amtrak the authority to do just that sort of thing and they tried in 1977 to eliminate costly routes. The House blocked that.

That is why—through the appropriations process—that is why we finally came up with an act called the Amtrak Improvement Act of 1978 to require that the routes be re-examined by DOT and that they go through this review process considering the items we spelled out in that act and then made their judgment.

That is what we have before us now. I don't know how we would ever get to it if we didn't give them some authority to move in.

I do know this: The American taxpayer is not going to stand for a continuation of the tremendous types of subsidies that would be required if you continued that route structure, that very uneconomical route structure that we saw on the board here this morning.

Mr. MAHONEY. Senator, we don't advocate that sort of thing. What we do advocate is let Amtrak do it. Give them 3 years. Give them the money for authorization. Give them 3 years to do it, but let them do it.

As Mr. Boyd already said, they are willing to pare it down. He thinks it should be smaller. He doesn't agree with what DOT has done here, but he does agree it should be a smaller system. But let them do it.

The CHAIRMAN. He said they had some basic disagreements factwise with the DOT, but they did support the paring down of their system.

Mr. MAHONEY. Not in the manner, as I understand it, that it was done.

Mr. SNYDER. You might wish to check this out. It is my understanding, from what OMB told me back in January, that they didn't agree with the Final Plan either. You might want to check that out.

The CHAIRMAN. I think you can find in this room probably 90 percent of the people won't agree with the Final Plan because there are some particular parts they don't like.

Somebody has to make those tough decisions.

Mr. SNYDER. This is a surprise when it comes from OMB that they thought it was too drastic.

The CHAIRMAN. Thank you, Mr. Chairman.

Senator LONG. Thank you very much, gentlemen.

Next we will call Mr. Charles Steadman.

STATEMENT OF CHARLES STEADMAN, CHAIRMAN, COMMITTEE TO END GOVERNMENT WASTE, NATIONAL TAXPAYERS UNION; ACCOMPANIED BY CHARLES CRAWFORD, DIRECTOR

Mr. STEADMAN. Mr. Chairman, Senator Cannon, we are honored to be here to testify in respect to Amtrak's 1980 authorization and the Department of Transportation's final route restructuring proposal.

My name is Charles Steadman and I am chairman of the National Taxpayers Union's Committee To End Government Waste. With me is my colleague, Charles Crawford, who is the director of the NTU.

The National Taxpayers Union is a national nonprofit organization representing over 1 million members and affiliates in every State. We are an organization over 10 years old and have been very active in numerous areas of tax reduction which are well known, including that of proposition 13.

Mr. Chairman, we are gravely concerned over the massive and extravagant subsidies Amtrak has received since 1971. Amtrak has become a tremendous burden on the taxpayers of this Nation. It is a glaring example of wasteful government spending.

For this reason, as representatives of the Nation's taxpayers, our position is to oppose further subsidies for Amtrak. To have the taxpayers pay two-thirds of the operating cost of each ride on Amtrak is blatant misuse of tax dollars.

There is no justification for taxpayers paying the cost of passenger train service.

What is more ominous is the rapid escalation of Amtrak's costs and subsidies, while revenue has been growing at a much slower pace and ridership has been declining. If Amtrak proceeds unchecked, Mr. Chairman, by 1982 it will require $1 billion a year—all for a system that draws 54 percent of its riders from less than 500 miles of its 27,500 mile system, and one which serves less than one-half of 1 percent of all intercity travel.

Mr. Chairman, the people are the marketplace. And they have been trying to tell the Congress that the product which the Congress is subsidizing is neither needed nor wanted.

Reassuringly, Congress and the Department of Transportation have realized the danger of allowing Amtrak to proceed as in the past. The Department of Transportation's route restructuring proposal is a first step in solving the problem of Amtrak. This is a positive, forward-thinking first step, and we endorse it.

This route restructuring will cut Amtrak's route miles by 43 percent while retaining 91 percent of Amtrak's passengers. Additionally, between 1980 and 1984, implementation of the plan will save taxpayers $1.39 billion. This proposal is not a drastic cutting of Amtrak's routes when measured in terms of economic viability. Rather, it is a belated, commonsense reduction of a system desperately in need of pruning.

There are many reasons to support this route restructuring. Amtrak has developed into a system which costs the taxpayers far too much for the nonessential service it provides. As you know, after Amtrak's formation in 1971, it was intended to quickly develop into a profitmaking organization. This has not occurred, of course.

Amtrak proudly points to the fact that it has doubled its revenues between 1972 and 1978. It ignores the fact that in the same years, its costs have tripled, and its subsidies have quadrupled.

Amtrak has attracted the riders it has only by keeping its fare unrealistically low. This is possible only because of subsidies. Even so, in 1978, total ridership went down to 18.9 million from 19.2 million in 1977. With subsidies going up and ridership going down, only the most myopic would continue their faith in the viability of Amtrak.

The DOT route restructuring begins to address these problems. Along with passing the proposal, however, Congress must ensure that the process of evaluating Amtrak and reducing subsidies continues. The DOT plan is limited in that it does not go far enough in furthering this goal. This route restructuring, itself, as we have said, should be adopted by Congress. But there are some areas where the DOT proposal can be substantially improved.

Amtrak presently recovers only 36.8 percent of its operating expenses through revenues. The other two-thirds of each ride is paid for by taxpayers. The DOT proposes rectifying this grave imbalance by requiring Amtrak's revenues to represent 44 percent of its costs by 1982, and 50 percent by 1985.

It is grossly unfair to taxpayers to expect riders, on most routes, to pay for any less than the operating cost of their Amtrak trains. If the system is properly restructured, Amtrak should be better able to recover more of its operating costs through passenger fares. It is essential that budgetary discipline be placed on Amtrak and that the imbalance in passenger revenues to expenses be corrected immediately.

At the time Amtrak was established in 1971, Congress directed Amtrak to manage itself so that it would become self-supporting and that its subsidy would be eliminated in a reasonable period of time.

During the years from 1971 through 1979, this goal has become lost as Amtrak has moved further and further away from a zero subsidy concept.

The National Taxpayers Union asks that the Congress reassert its original goal, as it did in the 1978 legislation, and that Amtrak be required in a period of a few years to demonstrate that it can operate itself on a self-supporting basis.

To realize this objective, the National Taxpayers Union proposes: One, that Amtrak be required to recover from the fares it charges its passengers its full operating costs in the Northeast corridor during 1980 and thereafter; two, that subsidies outside the corridor be reduced at the rate of 7 percent each year beginning in 1980 through 1982. At the end of this time, it is proposed that Congress assess the ability of Amtrak to achieve a self-supporting status.

If it is determined that it cannot achieve this status, the mandate is clear. The system does not have an economic viability, and the subsidy should be terminated forthwith; and such part of the system not capable of self-support should be relegated to the age of the stagecoach.

These criteria will facilitate congressional decisionmaking free of political and subjective considerations. Amtrak, under these propo-

sitions, will be judged on the ultimate cost of the marketplace which should determine if Amtrak is a product people will buy.

Let us turn to a 3-year authorization matter in the Department's plan.

Before doing this, I want to address the point that the chairman brought up with regard to operating the system on the basis of Government guarantees and setting it up so it would operate, in essence, as a private or quasi-private business.

Of course, we are very pleased that the Chairman made this point, because this is something we have been discussing extensively. We think that the only place where this is possible of achievement on a sensible basis is in the Northeast corridor where there is such a density of population, interconnected areas of high-density population, that this may be possible of achievement.

If it couldn't be achieved there, it is highly unlikely it will be achieved any other place.

We think it is not appropriate for us to come forward with our plan at this particular time, because we believe that it is appropriate that the Congress dispose of the Department's plan first and, at that point, we will come forward with our plan which will embrace, in essence, what the chairman has enunciated here today.

With respect to the 3-year authorization, we are opposed to this for a variety of reasons, important among which is that we believe that a 3-year authorization cycle negates congressional responsibility.

This 3-year authorization cycle would essentially mean Amtrak will be accountable to Congress only once every 3 years. It would be all too easy for appropriations to become automatic. There certainly would be less incentive for Amtrak to improve its performance in interval years. It is fanciful to believe that a 3-year authorization cycle will improve planning.

It is more probable these exercises will further deteriorate if the congressional pressure to improve them were to be removed.

There is no reason long-range continuity couldn't be achieved within the normal authorizing framework to which so many other programs adjust.

We hope this committee will give its full support to the Department's plan and will also adopt the National Taxpayers Union's proposition as they have been presented to you today. The Department's plan does hold forward promise. However, we must not lose sight of the fact that the subsidy levels remaining in that plan as proposed are at an exorbitantly high level, which will still total $4.59 billion in the period of time set forth in the plan between now and 1984.

The Congress has a clear and present message from the people to reduce unnecessary spending. This is a message that the Congress does not want to ignore and we are sure will not ignore. This is a message which commands resolute action in connection with the Amtrak subsidy, and we ask that the committee read the proposals as we have presented them here today with the Department's plan.

May we thank you very much for your kindness.

Senator LONG. Thank you very much.

I would like to explore with you what you want to pass judgment on later on. That is the idea of moving toward what hopefully might be a new surface transportation system.

In other words, we were talking about trying to perpetuate service which loses $2 for every $1 it takes in, when you could get there quicker, when you have three other ways to get there: Air, and get there quicker; bus, about the same time; private automobile, and get there about the same time.

The public is not going to find much enthusiasm for spending its tax money to perpetuate a service that people use but scantily.

On the other hand, if we could come up with something where you could go from here to New York at a speed of better than 140 miles an hour on the surface, you could actually get there from door to door quicker by going by rail, then I think the public would be very much interested in that. And I don't think the public is especially concerned about the Government taking a risk of subsidizing something that looks like it has a real potential for the future.

If you are talking about surface transportation, 140 to 200 miles an hour, that is something which the public would be interested in.

I would like to have your reaction on that subject.

Mr. STEADMAN. I agree with you. I think in this high-density area of the Northeast corridor, from here to Boston, if the roadbeds can be put into condition, if the overpasses and grade crossings can be eliminated so trains could be operated on a consistent even basis at high speeds, it is entirely possible that such a system can become self-supporting.

This is going to have to be a very large initial investment, but the Congress already knows that if that is to be achieved—if it is going to be achieved—it ought to be achieved on an immediate basis or we should simply accept the fact that there is not going to be a product there that the public, even on an outside chance, would buy.

Senator LONG. It seems to me you begin to get an idea what might happen by building a segment. Maybe you might want to build it from Philadelphia to New York or just pick any particular place.

It may be, by building a segment, you could get an idea and sort of test public acceptability and get some idea about what you could expect.

But if you are going to do it, it seems we should be getting on with it. I don't see much point in taking 5 years to find that out. If you are going to do it, you might as well start finding out.

Mr. STEADMAN. Certainly because in 5 years there will be so much money down the drain, it would have been better to improve the roadways or do other things to improve transportation if the public will spend the money. Now you understand, we are not for subsidies. We are opposed to subsidies. We think there had been too much subsidy in this transportation field.

My colleague, Mr. Crawford, wishes to make a comment.

Mr. CRAWFORD. If I may, Mr. Steadman raised a number of points which I hope you consider carefully. One of the things we find offensive is that, I guess, we look at taxes as a confiscation of someone's income. It gets to the Government and, whatever the

purpose, the money is spent on supposedly the best interest of the public in general.

What we are finding offensive is the trip-time allowance between here and New York, which is a goal that Congress set of, I think it is 3 hours and 40 minutes or so, and it is supposed to be dropped 40 minutes by the time the Northeast corridor is improved.

Before we start dealing with the answers, we need to define what the question was: Who benefits from the service of a faster train? Is it the average passenger that has no alternative between Washington and New York or is it a businessman who could certainly afford the cost of the trip and service without a subsidy?

We are thinking that the improvement in trip time between the two cities, for instance, which seems to be the heart of the matter, that that improvement is not benefiting the taxpayers in Kansas and Maine and Colorado who may be paying for this, but is benefiting very specific travelers who have all the national modes of transportation available. That is the point.

We look at every dollar that is spent on this system as something that is taken away from the taxpayer. If it will be taken away, let's make sure it is benefiting in a very direct way all taxpayers.

Senator LONG. Let's go further down the road than that, though. If you can make—if you can get your speed up to 200 miles an hour between here and New York on the ground and can go right into the heart of the city and can have an efficient way to get to your automobile and a taxicab when you get there, then that is what people would use rather than go out to the airport. That would save the public a lot of money.

Now, we pay a lot of money to help operate those airlines. It would be worth our time to do whatever it takes to develop a transport service that would be the best in the world on the surface if it is going to save us that much money.

If you could get something that the public would prefer just because it is better service, and one that could get the people there cheaper, it would mean a huge capital investment, but if you can get something that would get you from here to New York as fast as airlines could get you there and do it on the surface, you would have something worth putting a lot of money into.

We spent a lot of money getting the airlines where they are. The United States developed the commercial airline system, and we put a lot of money into that before it began to pay off. That looks like a pretty good investment.

We are spending a lot of money in communications, with the space satellite and things of that sort, but we like to think we will have something to show for it.

If we are moving to where it provides something superior to what we have, and something that in time will be cost effective, I think you might be justified in that research. That is a good investment.

You can't see what you are going to get out of it for sure, but one thing experience has proven—the only way you lose money on research is by doing it on a small scale. If you do it on a big scale, what you come up with justifies it.

Sometimes you don't find what you were looking for but find something equally valuable.

So that to develop a very modern surface transportation system, it seems to me, to be something the people would be interested in. I don't think they would be particularly interested in dragging along with some 30-year-old equipment and trying to patch it up and trying to hold it together with baling wire and providing a service people won't use.

Mr. STEADMAN. Senator, I just have this to say about your comments. No. 1, as you already stated, the public will buy a first-rate transportation service like they will buy a first-rate donut.

Now, our position is this: We want to see the Government get out of the transportation business. We have suggested here today that we realistically separate Amtrak into two segments. One, the Northeast corridor. Second, the segment of the remaining outside of the Northeast Corridor.

With respect to the Northeast corridor, once Congress determined what it wants to do with the Department's plan, which you are considering here today, we intend to come forward with a proposal that will encompass the idea of the putting the Northeast corridor on a basis so that it will have a product that it will sell, that it will be in the hands of private operators, and that that will only be possible on the basis of guaranteed loans in order to finance the restructuring which will be the underlying support for the reasons as you have pointed out, and on this basis there is a very good likelihood that the Northeast corridor can become a self-sustaining operation.

It will require Government subsidies for the financing—Government guarantees—but that certainly is superior to anything we have seen up to this point.

And it will provide service. And it's the service you are talking about, Mr. Chairman.

Senator LONG. If it works, it might pay for itself and might make money.

I am sure that if that type of thing worked, it would be something for which people can find a good deal of enthusiasm.

Mr. STEADMAN. You mentioned two things today, all of which are analogous to what we are talking about here.

You mentioned the matter of research and development. Expenditures for research and development actually can be high enough because this is the course of the progress that we develop. It gives a foundation an opportunity for American inventive genius to spring forward with the things that made this country great.

Second, you have mentioned the fact that we subsidize the airlines. We subsidized the railroads with massive land grants when they got started, too.

It was worth the investment for a long time. The railroads, including passenger operations, were very successful and made money. The freight lines are still doing well for the most part.

The airlines have begun to pay back because they are earners now. If we can get this thing on a basis so that it can get started and quickly so that it can become an earner, can become a taxpayer, let's say, that's what we want.

Senator LONG. Thank you very much.

The CHAIRMAN. Thank you, Mr. Chairman.

Mr. Steadman, let me ask you this: Do you favor a national transportation system?

Mr. STEADMAN. Rail transportation?

The CHAIRMAN. Any kind. National, complete, comprehensive, national transportation system.

Mr. STEADMAN. Yes, but not a rail passenger—not a national rail passenger.

The CHAIRMAN. Beyond that, do you favor a national transportation system that has to be subsidized in any way?

Mr. STEADMAN. No.

The CHAIRMAN. Let me ask you what you would do without the highways. The highways are the biggest part of the subsidized national transportation system today.

According to a report from the U.S. Conference of Mayors in 1979, 55 percent of the subsidy for the highway is highway subsidy.

Now, would you have us go back to the horse and buggy age where we don't have interstate highways and don't have these fine highways that permit us to communicate between our cities and towns today?

Mr. STEADMAN. I certainly would not, Senator, but I believe that the user taxes have paid for the great amount that has been expended by the Federal Government in building those highways.

The CHAIRMAN. No question about it. That is part of the tax dollars. That is a subsidy.

The Federal Government charged that tax and then pays it back. Now, you said this afternoon that Amtrak had received massive and extravagant subsidies. Yet, Mr. Boyd, when he testified earlier today, said the entire rail system received only 4 percent of the Federal assistance to transportation subsidies for the period of 1971 to 1977.

Would you care to comment on that?

Mr. STEADMAN. Compared with what? I didn't hear his testimony; 4 percent of what?

The CHAIRMAN. Four percent of the total subsidy, the total Federal aid to transportation subsidy that is provided by the Federal Government to all forms; only 4 percent went to rail transportation.

Mr. STEADMAN. I don't know what that included.

The CHAIRMAN. I can tell you quickly. It included highways, 55 percent, $41.3 billion.

Mr. STEADMAN. What period?

The CHAIRMAN. 1971 to 1977. This is the report of the U.S. Conference of Mayors, 1979:

It has air transportation, $13.9 billion for 18 percent;

Domestic water transportation, $4.8 billion for 6 percent;

Ocean shipping, $3.3 billion for 5 percent;

Mass transit, $9.4 billion for 12 percent;

And rail transportation, $2.9 billion for 4 percent. For a total of $75.8 billion expended in Federal aid to various transportation modes.

Mr. STEADMAN. Well, we have not dealt with the figures that have been insinuated into that—or that comprise that particular figure.

We have been working with figures that relate to surface transportation on modes of intercity transportation and compared those subsidies. For the period 1971 to 1979, the highway users' tax has paid for the cost of the highways.

We consider that there is no subsidy. As far as buses are concerned, there has been no subsidy.

General aviation transportation has received a subsidy of about 4.5 percent, and the certified airlines have received a very small subsidy, about one-tenth of 1 percent.

Mr. CRAWFORD. We are not here to debate the other modes of transportation. I am sure you understand. What is important to understand, I think, is the amount of money the Government is using in terms of subsidy for Amtrak and the Nation's passenger railway in terms of its benefit.

If you look at the number of taxpayers that have gone on the trains versus what it cost, it's the highest subsidy by far of any of the modes of transportation.

One figure I saw was 10 cents per passenger mile on trains versus one-tenth of a cent in subsidies over the same period for airlines.

What that indicates is that if subsidies are warranted, they should only be warranted by use of the system by passengers and that hasn't been the case up to this date.

What we are saying is at that time, taxpayers aren't getting their dollars' worth out of the subsidy. The money spent on airlines did buy the greatest air transportation system in the world.

I would have to give you credit for your leadership in that area. In the highway area, as Mr. Steadman pointed out, the subsidies, yes, they were subsidies in the sense it was taxpayer dollars and came out of the taxpayers' pocketbook, but the beneficiaries were those who paid for the system through the gas tanks and other Federal taxes to make that system possible and used it.

None of us in this room could question the benefit of the interstate highway system for the flexibility to the American traveler.

Intracity as well as intercity.

Mr. STEADMAN. Apropos of that, if I may, the Congressional Budget Office rendered a report on this in January 1978 and that report reads as follows: "Rail passengers, it's about 8.2 cents per passenger mile." General aviation, as I said before, is 4.9 cents.

Air carriers, as I stated previously, is one-tenth of 1 percent.

With the bus industry, it's a negative subsidy since 1975.

The CHAIRMAN. That is fairly close to the figures that were given us this morning.

This morning we were given the figure of 9 cents per mile for Amtrak, 3 cents per mile for air transportation, and that would include both air carrier and general aviation.

Mr. STEADMAN. That's exactly right.

The CHAIRMAN. One-tenth of a cent for intercity buses. Those were the figures——

Mr. STEADMAN. I couldn't quarrel with those. That is close enough.

The CHAIRMAN. If Amtrak was forced to fully recover all its operating costs through the fare box within the next 5 years, what do you think would be the result?

Mr. STEADMAN. I think Amtrak, outside of the Northeast corridor, would have to be abandoned.

If the subsidies were withdrawn, Amtrak outside of the Northeast corridor would undoubtedly go out of business.

The CHAIRMAN. Do you think it could even exist in the Northeast corridor?

Mr. STEADMAN. I think it could under the kind of program that I was discussing here earlier. That would require an investment of a lot of capital in order to get the Northeast corridor operation on a basis so it has a product that the public will use and pay for.

Understand we are not opposed to rail passenger service. All we want is the people using the service to pay for it and not other taxpayers.

The CHAIRMAN. I understand.

The CAB had a policy with respect to service to communities. Use it or lose it theory. If they weren't using it enough to justify it, they would lose the service.

What disturbs me, and this is why I was asking you questions about this overall national transportation policy, because I heard last year and I'm sure it's true today, that on some of these long-haul trains, if they ran 100 percent full, they couldn't run at a profit.

Mr. STEADMAN. That is true.

The CHAIRMAN. They would still lose money. I think that if, at the present time, if every Amtrak train ran full at all times, based on what we were told this morning by the Secretary of Transportation and Mr. Boyd, the system would still lose money.

If those reports are true, I am wondering what implications that has for Federal support of Amtrak. Are we going to say we will simply abandon the whole system or do we find there is a public benefit out of this system that the taxpayers ought to subsidize part of it?

I guess you have already said the answer is no.

Mr. STEADMAN. That is our position and it's our position for this reason: Amtrak does not offer the only mode of transportation to the highways and the byways throughout the country.

I came from a little town out in Nebraska and grew up during the period when the railway going through our town was the big event.

Then the intercity bus came along and people began to ride them. And the airlines began to give service.

Then we developed this vast system of highways that you have referred to, Senator Cannon, and you are absolutely right about it, which provided superb service to every nook and cranny, every town, village, and hamlet in this country.

It's the greatest thing we have. When people talk about the absolute need to have this rail passenger service, they ignore, I think—with great intellectual honesty, but they are carried away from the fact and in the world of fancy and out of reality.

The reality is that this country is unique in many ways. Not the least of which is that it has the grandest system of highways in the whole world.

It has the greatest airline industry in the whole world. And it has the greatest bus system in the whole world.

Those are very adequate means and attractive means of transportation. And they are operating, may I say, without subsidy.

The CHAIRMAN. And one of the poorest rail systems.

Mr. STEADMAN. I think we have already recognized that.

The CHAIRMAN. Thank you, Mr. Chairman.

Senator LONG. Thank you very much.

Do you have any questions?

Senator HEFLIN. No.

[The statement follows:]

STATEMENT OF CHARLES STEADMAN, CHAIRMAN, NATIONAL TAXPAYERS UNION, COMMITTEE TO END GOVERNMENT WASTE

Mr. Chairman and Members of the Committee. We are honored to be here to testify on Amtrak's fiscal year 1980 authorization, and the Department of Transportation's final route restructuring proposal. My name is Charles Steadman and I am Chairman of the National Taxpayers Union's Committee to End Government Waste. With me is Charles Crawford, Dirctor of N.T.U. The National Taxpayers Union is a national, non-profit, public interest organization representing over one million members and affiliates in every state. We are an organization over ten years old and have been very active in numerous areas of tax reduction which are well known including that of Proposition 13.

THE PROBLEM OF AMTRAK

Mr. Chairman, we are gravely concerned over the massive and extravagant subsidies Amatrak has received since 1971. Amtrak has become a tremendous burden on the taxpayers of this nation. It is a glaring example of wasteful government spending. For this reason, as representatives of the nation's taxpayers, our position is to oppose further subsidies for Amtrak. To have the taxpayers pay two-thirds of the operating cost of each ride on Amtrak is a blatant misuse of tax dollars. There is no justification for taxpayers paying the cost of passenger train service. What is more ominous is the rapid escalation of Amtrak's costs and subsidies. While revenue has been lagging behind costs, ridership at the same time has been declining. Yet Amtrak's predictions have been just the opposite. Results have proved Amtrak's attempts at financial forecasting to be an undiluted disaster. Revenues and ridership have been consistently overestimated while forecasts of expenses and deficits have been grossly understated. Today Amtrak stands as a massively subsidized system, existing as a unwarranted burden on taxpayers. Taxpayers throughout America are demanding that this burden be lifted.

If Amtrak continues unchecked, Mr. Chairman, by 1982 it will require a subsidy of one billion dollars a year. All for a system that draws 54 percent of its riders from less than 500 miles of its 27,500 mile system, and which serves less than one-half of one percent (½ of 1%) of all intercity travel.

Mr. Chairman, the people are the marketplace. And they have been trying to tell the Congress that the product which the Congress is subsidizing is neither needed nor wanted.

DOT ROUTE RESTRUCTURING PLAN

Reassuringly, Congress and the Department of Transportation have realized the danger of allowing Amtrak to proceed as in the past. The Department of Transportation's route restructuring proposal is a first step in solving the problem of Amtrak. This is a positive, forward-thinking step, and we endorse it. But the Congress should view this as the first step not the last.

AMTRAK NEEDS TO COVER MORE OF THE COST OF ITS SERVICE THROUGH FARES

Amtrak presently recovers only 36 percent of its operating expenses through revenues. The other two-thirds of each ride is paid for by taxpayers. The Department of Transportation proposes rectifying this imbalance by requiring Amtrak's revenues to represent 44 percent of its cost by 1982 and 50 percent by 1985.

The N.T.U. believes it is grossly unfair to taxpayers when riders pay for any less than the operating cost of their Amtrak trains.

We will therefore present to you today a plan of financial disciplinary measures to achieve the goal of making Amtrak self-supporting.

At the time Amtrak was established in 1971, Congress directed Amtrak to manage itself so that it would become self-supporting and that its subsidy would be eliminated in a reasonable period of time. During the years from 1971 through 1979, this goal has become lost as Amtrak has moved further and further away from a zero subsidy concept. The National Taxpayers Union asks that the Congress reassert its original goal as it did in the 1978 legislation, and that Amtrak be required in a period of a few years to demonstrate that it can operate itself on a self-supporting basis.

THE NTU PROPOSITIONS

To realize this objective, the National Taxpayers Union presents these propositions for immediate Congressional action (1) that Amtrak be required to recover from the fares it charges its passengers its full operating costs in the Northeast Corridor during 1980 and thereafter; (2) that subsidies outside the Corridor be reduced at the rate of seven percent each year beginning in 1980 and continuing through 1982. At the end of this time it is proposed that Congress assess the ability of Amtrak to achieve a self-supporting status. If it is determined that Amtrak cannot achieve this status, the mandate will be undeniable. Amtrak will have demonstrated that it does not have an economic viability, the subsidy should be terminated and such part of the system that is not capable of self support should be relegated to the age of the stagecoach.

These criteria will facilitate Congressional decison-making free of political and subjective considerations. Amtrak under these National Taxpayers Union propositions will be judged on the ultimate test of the marketplace which will determine if Amtrak is a product the people will buy.

A THREE-YEAR AUTHORIZATION CYCLE NEGATES CONGRESSIONAL RESPONSIBILITY

The Department of Transportaton proposes to move to a three-year authorization cycle to provide continuity in planning for Amtrak. The National Taxpayers Union is opposed to this proposal.

A three-year authorization cycle will essentially mean that Amtrak will be accountable to Congress only once every three years. It would be all too easy for appropriations to become automatic. There would be less incentive for Amtrak to improve its performance in the interval years.

It is fanciful to believe that a three-year authorization cycle will improve Amtrak's forecasting and planning. It is more probable that these exercises will further deteriorate if the Congressional pressure to improve were to be removed. There is no reason long-range continuity cannot be achieved within the normal authorizing framework to which so many other program adjust.

We are unalterably opposed to a three-year authorization cycle.

SUMMARY AND CONCLUSIONS

We hope this Committee will give its full support to the Department of Transportation's route plan and will also adopt the National Taxpayers Union propositions as presented to you today. The Department of Transportation plan does save $1.390 billion dollars in taxpayers funds between now and 1984. It does hold forth the promise of arresting the trend of ever-increasing Amtrak subsidies. However, we must not lose sight of the fact that the susidy levels remaining are at an exorbitantly high level which will still total $4,590 billion in that period. This subsidy program continues to exist at a time when the government needs desperately to save money to ease the burden on overtaxed people. To fight inflation, the Department of Transportation plan must not be a stopping point but a starting point in reevaluating Amtrak.

Congress has a clear and present message from the people to reduce unnecessary spending. This is a message that cannot be ignored. This is a message that commands resolute action in respect to the Amtrak subsidy.

There is no question that the taxpayers of the country want this problem solved. We look forward to working closely with you to achieve this purpose which the taxpayers are expecting.

May we thank you for your kindness.

Senator LONG. Next we will call Mr. Ross Capon.

STATEMENT OF ROSS CAPON, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF RAILROAD PASSENGERS; ACCOMPANIED BY STEVEN PEARLMAN, ENVIRONMENTAL ACTION; PETER CARLSON, ENVIRONMENTAL POLICY CENTER; AND HOWARD HARDING, SIERRA CLUB

Mr. CAPON. Thank you very much, Mr. Chairman.

I am Ross Capon. To my right is Howard Harding from Akron, representing the Sierra Club. Immediately to my left is Peter Carlson, representing the Environmental Policy Center and to the far left is Steve Pearlman, representing Environmental Action.

I would request my statement be placed in the record.

Senator HEFLIN. So ordered, without objection.

Mr. CAPON. I would comment briefly because the hour is late.

Senator HEFLIN. You are competing with the Prime Minister of Israel right now.

Mr. CAPON. I am honored that you are here.

Senator HEFLIN. Enough said.

Mr. CAPON. Our association is a consumer organization. We also pay taxes.

We believe Amtrak is laying a foundation, albeit painfully slow, for the future, and a foundation which this country is going to be very grateful to have very soon.

As to public acceptance, we believe the record is clear: Where the public is given good service they are using it.

This is true today inside and outside of the Northeast corridor, the most dramatic example being the 142 percent increase in ridership on the Los Angeles-San Diego service.

We believe the threshold at which you can attract in significant numbers is somewhat lower than Senator Long suggested and that, in fact, a train which could consistently operate at 79 miles an hour, as all Amtrak trains except metroliners don't, could, in fact, be full and do quite an adequate job.

I would like to comment briefly on the Southern Crescent, since this seems to be Secretary Adams exhibit A in the argument that good trains are not patronized.

The train averages about 46 miles per hour. There has been no advertising since 1976. Even though Southern is a good company, the cars are 30 years old and there have been many heating and air-conditioning problems even on the Crescent.

The train only ran 3 days a week west of Atlanta and, until Amtrak took it over, Amtrak and Southern maintained two separate stations, in both Birmingham and Charlottesville. Nevertheless, Cresent ridership increased 7.3 percent since 1975, up to 168,000 in 1978.

The day Amtrak took over, they consolidated operations in both cities for better convenience to the traveler and lower operating costs in terms of station personnel.

With regard to energy savings again, good trains are used, and trains that are even half full are about twice as energy efficient as the automobile. I have covered that in my statement.

I would note that a 46-percent increase in passenger miles was experienced by Amtrak during energy crisis months of November 1973 to April 1974, as compared with the same months 1 year earlier.

So the energy crisis drastically reduces the threshold in terms of what kind of service the public accepts.

Basically, our message is simple: Give people good trains; they use them. Give them an energy crisis; they will use any trains.

I would like to conclude by observing that the high speed trains in Japan in 1976 earned a profit of $727 million. That is the high speed route only, not the national system as a whole.

Before I turn it over to Mr. Harding, I would like to submit one article for the record, since it deals directly with the question of the extent to which Amtrak could deal with an energy crisis. It's called "Toward More Transportation With Less Energy."

Basically, Richard Rice, a professor at Carnegie-Mellon University postulated how you could treble intercity travel by the year 2000 and hold your energy consumption more or less constant. In order to do that, he found it necessary to dramatically increase intercity passenger rail, intercity bus and autotrain-type service. The most dramatic increase was in the latter.

Mr. Harding.

Mr. HARDING. My statement today is on behalf of the National Sierra Club, a national conservation oriented organization.

At its last board meeting, the board of directors adopted the following policy position with regard to the DOT report:

The Sierra Club views with alarm the DOT proposal to cut both coverage and service within the Amtrak system.

Long-term economies especially in use of energy are essential to any sound transportation system.

Cutting rail passenger traffic works against these long-range economies and is generally shortsighted.

The budget cutting considerations which motivate these proposals can better be served by eliminating the hidden but nonetheless large subsidies to air and auto traffic.

The proposed savings from Amtrak cuts would be almost offset by closedown costs over the short term.

This statement is based upon our awareness of many facts and concepts contained in the written submission provided to the committee.

I would like to mention a couple. According to U.S. DOT figures, 35 percent of all U.S. highway expenditures are derived from nonhighway user sources. This amounts to $156 billion in the last 50 years.

About 67 percent of the Federal aviation program comes from nonaviation user taxes.

Also the California Department of Transportation calculated if you removed all subsidies from airline operations the round trip New York to California would be about three times what it is now, or in excess of $1000.

Essentially, at that rate, passengers would find trains much more acceptable. I would also like to mention one other thing in our statement.

That is a 1974 study by Drs. Buzdek and Hannon of the University of Illinois on the comparative impact of highway spending diverted to other programs.

They examined six other possible Federal programs, but there are two particular points germane to this issue.

Total primary energy demand would decline about 62 percent if the money was spent on railroads and mass transit rather than highways. Shifting the spending to railroads would produce 2.4 million more jobs and reduce annual energy consumption by the equivalent of 2.7 billion gallons of gasoline.

On the basis of those points and the rest contained in our statement, the Sierra Club urges the subcommittee to recommend that the Senate vote unanimously for rejection of the DOT restructuring plan and direct the Secretary to reevaluate his assumptions in light of these facts and of the other things brought out at this hearing.

I would like to thank you for the time here.

As I said, we have additional points covered in our statement that was submitted.

Mr. CARLSON. Good afternoon, I am Pete Carlson, Washington representative for the Environmental Policy Center.

We are strongly opposed to DOT's proposed plan to reduce Amtrak routes for the following reasons: Indications show it's unwise to reduce these at the time our Nation may need them most.

During the energy crisis in the winter of November 1973 to April 1974, Amtrak ridership was up 46 percent.

There is considerable talk about weekend closings of gas stations and substantial gasoline taxes. Reduction of routes as proposed by DOT appears an unattractive option.

Increased operations will increase efficiency and make Amtrak vastly more efficient than automobiles. Improvement of cars and service has increased Amtrak ridership.

The country shouldn't be trapped in a vicious cycle of poor quality trains which lead to declines in ridership which lead to poorer service followed by still more declines in ridership.

The Congress, we believe, should make a good solid appropriation to bring Amtrak service up to the highest standards. The specific DOT plan is unacceptable.

DOT proposes to scrap lines like New York-Florida, Washington-Cincinnati, Chicago-Florida, and Seattle-Portland, which have experienced recent ridership increases.

The dismembering of Amtrak overlooks the fact that many of the problems facing the various routes are correctable.

The testimony of the National Association of Railroad Passengers provides details on that.

We believe the time is coming when the Nation will need to place greater reliance on rail passenger service.

The cost of replacing the system would far outstrip current subsidies. We disputed DOT on it's negative declaration on the reduction of Amtrak routes.

In our judgment, DOT's action constitutes a major step backward in attempting to reduce dependence on auto transportation and to cut back on the fuel requirements in the transportation sector.

The environmental impacts of such an action should be fully explored in an environmental impact statement. In conclusion, we submit for the record an article by Tom Wicker of the New York Times, February 25, 1979, which makes a strong case against cutting back Amtrak routes.

Thank you.

Mr. PEARLMAN. I am Steven Pearlman, legislative representative of Environment Action, Inc.

For the past 7 years, we have coordinated the activities of the Highway Action Coalition, an umbrella association of citizens groups concerned with Federal transportation policy and its impact on society.

As an environmentalist, I recognize the tremendous potential of passenger rail in providing energy-efficient environmentally sound transportation.

Rather than attempting to maximize this potential, DOT's Amtrak recommendations illustrate a narrow view of cost-effectiveness in both the near and long term.

I don't maintain that questions of cost in ridership should be ignored in determining Amtrak's route structure. I do maintain the Department needs to make a full and fair comparison of the total societal costs of various transportation alternatives.

It needs to look to the future considering the potential of modes in achieving national policies and priorities in transportation, energy, pollution, and urban revitalization.

DOT's Amtrak recommendations don't reflect any such careful analysis. All forms of transportation in this country are heavily subsidized.

Let me take automobiles as an example. As pointed out by the President of Amtrak and others, it's automobiles that are the competitors of Amtrak for the most part.

The ridership on Amtrak comes from people getting out of their cars, not out of planes. As I note in my written testimony, State and Federal highway trust funds are themselves a self-perpetuating subsidy.

Even more shocking, in 1973, the Federal Highway Administration statistics show that a full third of all highway construction and maintenance expenditures came not from so-called user fees, but from others, namely local property taxes.

This percentage is unquestionably even higher today. Moreover, the following multibillion dollar hidden highway costs paid for by all of us but never calculated as a highway subsidy could be significantly reduced by greater reliance on passenger rail.

No. 1, police costs which reach up to a third of total urban law enforcement expenditures.

No. 2, hospital and accident costs; 1975, 5 million injuries, 45,000 deaths, estimated cost of over $37 billion.

No. 3, loss of tax revenues totaling billions of dollars from land taken for heavily land-intensive highway rights-of-way. Los Angeles is now over half concrete.

No. 4, air pollution. In cities such as Washington, motor vehicle emissions are the prime source of air pollution. Billions are now being spent to clean up. In many areas, industrial growth will have to be limited due to automobile pollution.

No. 5, energy waste. Amtrak has the potential of achieving triple the passenger-mile-per-gallon level of the current automobile.

No. 6, costs to inner cities. Suburban flight of people and businesses has been largely due to construction of superhighways.

Train service at least serves the central cities and can help in their economic revitalization.

Last, loss of alternatives. Those who don't or can't own or operate automobiles—predominantly the poor, black, elderly, and handicapped—are paying the cost of drastically limited mobility.

Finally, there is one point which I neglected to include in my written testimony but which is very significant.

Amtrak's cost and efficiency are largely a function of the condition of the rails, switches, and other matters directly influenced by the overall health of the Nation's railroads.

In this regard, the massive cross-subsidization of the trucking industry by automobile drivers has a direct negative impact on Amtrak.

Studies indicate that by shouldering an unfair share of fuel taxes, other highway users have been subsidizing heavy truck traffic in the many tens of billions of dollars over the last 20 years allowing an immense free ride to the trucking industry at great cost to the Nation's railroads.

Senator HEFLIN. Thank you, gentlemen.

[The statement and attachment follow:]

STATEMENT OF ROSS CAPON

Mr. Chairman. I am Ross Capon, executive director of the National Association of Railroad Passengers, a non-profit, consumer-oriented organization, supported entirely by membership dues and contributions. We receive no financial support from the government, the railroad companies, Amtrak, or the railroad labor unions.

We appreciate very much the opportunity to participate in this hearing. Our Association believes that the U.S. needs an expanded and coordinated network of intercity rail and bus services to improve the energy efficiency and safety performance of our total transportation system and to assist in maximizing reliance on urban public transit systems.

The American public has shown its support for expanded rail service by: (a) riding the trains in growing numbers where good service is provided (Los Angeles-San Diego ridership up 142 percent from 1973 to fiscal year 1978 though service frequencly only rose 87½ percent) and even in many cases where inferior service is provided; (b) during the energy crisis of Nov. 1973–Apr. 1974, riding trains of any quality to the tune of a 46 percent increase in passenger miles "systemwide over the same period one year earlier" (DOT Environmental Impact Assessment, p. 2–13); (c) overwhelmingly supporting maintenance/improvement of the services in public hearings conducted by ICC's Rail Services Planning Office across the nation last summer (over 2,300 witnesses, average 20–1 pro-service; letters to RSPO averaged 90–1 the same way); and (d) registering as pro-service in opinion polls conducted by Peter Hart Associates for DOT (53 percent want to continue present service; 20 percent would end most service) and by Louis Harris for Amtrak (82 percent wants the government to maintain or increase its spending—50 percent wants that spending to increase—on improving the quality and availability of rail travel "for trips 100 miles or more one-way").

Similarly, state governments have reflected the same interest by offering to pay their 50 percent share of the cost of several prospective services for which Amtrak has no money.

We are very appreciative of the support which this committee and particularly Senator Long has shown for developing an intercity bus terminal at Washington Union Station. We believe such a facility, directly adjacent to Amtrak, commuter rail, Metrorail, and Metrobus services would stimulate a major increase in utilization of all public transit. The great advantage of the automobile is its flexibility; to the extent we remove barriers to convenient transfers among different public transport modes we help the public transportation network come closer to matching the auto's flexibility.

Such an intermodal facility would demonstrate how rail and bus—the two most energy-efficient modes of travel—can help each other. In fact, we believe the best way to revive bus ridership is to establish intermodal rail-bus terminals in as many cities as possible, following the examples of New Orleans and Harrisburg. This

would benefit bus services not only by providing attractive rail connections, but also by helping to overcome the negative image of the "bus station". Michigan DOT recently established an intermodal terminal in the Kalamazoo railroad station and found a significant increase in all-bus trips.

Why not an all-bus network? Because modern trains are much more effective in attracting people from their automobiles. Even when the image problem of buses is overcome, their speed potential and on-board space remain serious barriers to market acceptance and dictate that the market attracted will be predominantly for much shorter trips than rail could handle. Despite construction of the Interstate highway network and deterioration of rail service, revenue passenger miles handled by U.S. intercity buses dropped 16.8 percent from 1950 to 1970. In both intercity and local service, the substitution of buses in place of rail services has always resulted in a decrease in public transport use and an increase in automobile use. On the other hand, we believe—and Amtrak's limited experience with rail-bus coordination suggests[1]—there are many people who would use a bus as part of a rail-bus journey who would not consider the bus by itself.

NEEDED: GOOD SERVICE

I frequently hear the statement that it is virtually impossible to entice people from their automobiles. Secretary Adams said, "I can't force people to get out of their automobiles and into trains". (Railway Age, Feb. 12) This statement seems to overlook the fact that most people respond logically to the incentives they are given. It is not surprising that mediocre train service with an inadequate and declining advertising budget, continued highway construction, and cheap gasoline would produce no dramatic shift of riders to Amtrak. (By mediocre service I refer primarily to 30-year old cars with unreliable heating and air-conditioning operated on trains that consistently run late on padded schedules.)

What is important is the extent to which the public has responded to the service Amtrak has provided. I've already noted on page 1 the positive response to the good Los Angeles-San Diego service and, during the last energy crisis, to the entire system. Some recent ridership increases on lines DOT would kill are:

RIDERSHIP INCREASES COMPARED WITH 1 YEAR EARLIER

[Percent]

	1978	
	December	October-December
New York-Florida	38.4	28.7
Washington-Cincinnati	36.1	12.3
Chicago-Florida	22.4	12.9
Chicago-Los Angeles	20.5	15.3
Chicago-Laredo	[1] 17.9	16.5
New York-Kansas City	13.4	3.9
Seattle-Salt Lake City	13.3	11.8
Washington-Montreal	14.0	8.5
Seattle-Portland	68.8	27.1

[1] Revenues increased 50 percent.

[1] Amtrak was billed over $500,000 in 1978 for tickets it sold which were honored on buses (both travel to non-Amtrak points and some travel on parallel routes.)

For the entire system, ridership increased as follows:

[Percent]

	1978	
	October-December	December
Long-distance trains	11.5	9.7
Short-distance (non-NEC)	17.1	13.4
Northeast corridor	1.9	1.9

During fiscal year 1978, it is significant to note that the only major long-distance route equipped for the entire year with new equipment, Chicago-News Orleans, experienced a 3.6 percent ridership increase over fiscal year 1977 despite bad on-time performance (27.4 percent in May; 53.3 percent in September). Overall, Amtrak ridership in fiscal year 1978 was down 1.5 percent reflecting smaller capacity on many long-distance trains, less frequent operation on the Chicago-Seattle routes, a 5-day strike in late September, a 19 percent decline in Amtrak's advertising budget, and sharply reduced air fares.

Some efforts by individuals to promote Amtrak's services have met with amazing success. The improved performance of the Chicago-Laredo route is partly the result of work by Randy Cookus, a Little Rock ticket agent, who spent $600 and a lot of energy and produced a $30,000 revenue increase.

In a recent controversy over a proposed road widening project near my home, I was impressed with the determination of the state and city highway departments to press hard for the maximum size project even after overwhelming public opposition became apparent; only the responsiveness of the city council to the public's views sent the road builders back to the drawing boards to come up with a smaller project.

But the message in all this is clear; citizens of the U.S. must fight hard to contain highway spending, yet they must also fight hard to retain their trains. Our system reflects a tremendous anti-rail bias—a natural result of the fact that massive government aid to non-rail modes has left the railroad industry as the smallest of the three major modes.

We appreciate the fact that Amtrak service has generally been maintained because the Congress—like my city council—is more responsive to the public's wishes than is the Administration. We also appreciate your frustration at the size of Amtrak's operating deficit. However, we urge you not to support DOT's plan to dismember Amtrak because we believe the problems plaguing almost every route now operated are correctable, and that corrections should be made rather than the service discontinued.

Generally speaking, Amtrak's revenues are lower and costs are higher because capital investment has been too little to late. Capital investment through fiscal year 1979 will total $1.3 billion. Of this amount, $206 million is for superliners cars for the Western long-distance trains. These cars are just now being delivered and are not yet in service, except for a handful of coaches being tested on short-distance runs. Yet these cars should lead to dramatic ridership increases on the runs DOT would kill. Reliable climate control will in itself mean a vast improvement over present service quality, including the virtual elimination of one major cause of train delay—attempts to correct malfunctioning steam heat en route. Overall, it cost Amtrak $1.25 million in fiscal year 1978 to reaccommodate passengers due to missed connections and cancelled trains. The $239 million maintenance cost (this is all operating money) was inflated by the large number of old cars and by inadequate maintenance facilities. Amtrak is now spending $40 million to improve its maintenance capabilities in Chicago, which should both cut costs and improve all-weather reliability. Amtrak has belatedly inaugurated a program to convert old single-level cars used on Eastern long-distance routes to electric heating/air-conditioning; the reliability of the handful of sleeping cars already so converted has been impressive. Some trains need minor modifications to their routes, particularly the north-south Texas trains.

The specific correctable problems which have inflated operating deficits are discussed on a route-by-route basis in the appendix.

We ask your patience in continuing support of most of the present system because we believe ridership to date shows people will use good service, and investment to date is laying the foundation for the provision of good service on a system-wide basis. The possibility that gas stations will be closed on weekends further brightens Amtrak's short-term ridership prospects. The continuing trend towards smaller automobiles likewise will increase demand for good intercity public transportation—

a demand increase which would largely be met by energy-wasteful airplanes if trains are not available.

DOT PLAN LAYS FOUNDATION FOR KILLING AMTRAK

We believe the DOT plan would lay the groundwork for Amtrak's demise because the surviving trains would lose so many connections and the frequency of service would decline on 2,985 miles (19 percent of the DOT system's mileage) and remain unsatisfactory on 3,892 miles (less than daily). Although the Secretary says his system would be used "more intensively" most major terminals will have less service, 43 percent of the route miles will have either less service or continued less-than-daily service, and the key New York-Florida route would suffer a drastic decline in capacity. According to the Environmental Impact Assessment, "It is estimated that some 28 percent of the passenger-miles which would be accommodated in the base case (on the NY-Florida route) would be diverted to other modes due to capacity restrictions on the two remaining frequencies." (p. 2–144)

The key to Amtrak's plight is the relationship between its low earning capacity (one daily round-trip or less on most route segments) and high fixed costs (stations in most major cities; many costs at Washington headquarters which would not very with service levels). The costs of many stations are borne by a single pair of trains. The DOT plan would extend this problem to the New York-Florida route where every station south of Petersburg, VA (except for Savannah) would have 100 percent of costs charged against a single train instead of shared among two or three daily round-trips as at present. Thus prospects for the "Palmetto" (NY-Charleston-Savannah) and "Silver Star" (NY-Raleigh-Florida) turning in a good financial performance are not good.

Given adequate cars, Amtrak could introduce major service improvements for a small increase in funding; conversely, as you have seen with the DOT plan, a small decrease in funding produces an inordinately large cut in service. The DOT plan would drastically decrease earning capacity while only moderately reducing fixed costs.

Surviving trains would no longer be connected to many markets. Such cities as Dallas/Ft. Worth, Atlanta, and Cincinnati/Columbus/Dayton would have no service. The situation facing Amtrak is even more acute on this point than is that facing Greyhound and Trailways, who have "stated that a substantial cut in service would precipitate a further decline by destroying their route network. They contend that the maintenance of an integrated nationwide route structure is essential to preserve their existing level of traffic." (The Intercity Bus Industry, ICC Bureau of Economics, May, 1978, page 90)

The preliminary DOT report of least May stated that the largest option DOT studied—Scenario E, about the size of the present system but with several adjustments including less West Virginia service but the addition of Cleveland-Pittsburgh and Los Angeles-Las Vegas-Salt Lake City—would have the lowest deficit per passenger mile of the five options considered; Scenario A, isolated corridors, produced the highest such deficit. (p. 5–13)

There is a conflict between the short-term goal of minimizing the total cost of the system and that of improving its productivity. We urge you to take the longer term view.

ENERGY CONSUMPTION

Working estimates for the different modes are:

Passenger miles per gallon

Air	16.2
Automobile	43.1
Bus	121
Rail	125

NOTE.—From DOT, "Summary of Opportunities To Conserve Transport Energy", August 1975. (1977 data reported to ICC).

I have used the same rail figure as used by Prof. Richard A. Rice of Carnegie-Mellon University in "Toward More Transportation with Less Energy" (Technology Review, February, 1974), an article which proposed drastic increases in the use of intercity buses, trains, and auto-train services to permit holding the line in petroleum usage while tripling intercity travel from 1975 to 2000. Most Amtrak critics, of course, quote, energy usage of today's Amtrak with all of its handicaps noted, above, but these figures—which compare antiquated rail equipment and systems with modern systems in the other modes—should not be used as the basis for developing

policy for the future. To give some perspective to may rail figure above, Harbridge House, Inc., in its 1977 report for this committee, stated "intercity rail passenger service should be able to produce between 270 and 360 seat-miles per gallon." (Intercity Domestic Transporation System for Passengers and Freight, p. 387). At a reasonable load factor of 55 percent, this would produce a range of 148.5 to 198 passenger miles per gallon. (Amtrak had reached a load factor of 54.9 percent in 1974; service problems have since depressed it somewhat.) The HH figure is for all-coach service, so 125 is a reasonable compromise if some first-class accommodations are assumed. DOT's May report found that Amtrak was already achieving about 100 PM/gallon on its San Diego service by 1977, and that the Los Angeles-Seattle train with old equipment over a hilly profile got about 70 PM/gallon.

The National Taxpayers Union, in its Feb. 2 letter to Senators, claims DOT projects 1,800 BTU/passenger mile for automobiles in 1990 (at "a load factor of 0.45") and that this is more efficient than rail. On the other hand, a report published by DOT shows diesel-hauled trains on the New York-Albany route at 911 to 1,100 BTU/passenger mile (50 percent load factor). ("Energy Intensity of Intercity Passenger Rail" by Ram K. Mittal, December, 1977, pages 6-3 and 6-4).

As noted on page 6, we believe energy conservation policies will significantly increase the demand for public transport, and it seems unwise to us to be cutting back on rail service because most of the new demand for intercity service—created short-run by weekend gasoline station closing and long-run by more efficient, but smaller and less comfortable automobiles—would go to air, defeating energy conservational goals—in the absence of a good rail network.

If the effects of the different modes on urban transit and urban development could be incorporated into the energy consumption figures at the bottom of page 7, the already-large advantage of the bus and train would dramatically increase.

Buses and trains generally serve (or should serve) city centers near urban transit hubs. By contrast, airports can generally be reached by mass transit from only one or two directions. Thus a much higher percentage of air passengers and airport-area employees must reach the airport by car now and in the future. One expects, for example, the most of those who work at the industries planned along the Dulles highway will commute by automobile. This reliance on the automobile not only deprives the mass transit system of riders and revenues but encourages more sprawling development which itself is energy intensive as to provision of heating and utilities. These negative effects of the automobile would remain even if Secretary Adams' laudable goal of a 50-mpg fleet in service by 2000 is achieved—and the $100 billion pricetag on that goal casts much doubt on its likehood of being realized.

SAFETY AND ALL-WEATHER DEPENDABILITY

The Environmental Impact Assessment shows, at page 2-28, that the train is 19.4 times safer than automobiles and taxis and 32.3 safer when auto-related fatalities (including non-passengers) are included. This spread presumably grows when highways are made dangerous by inclement weather. On certain routes. highways are impassable for several days at at time. While DOT includes the "Empire Builder" partly for this reason, it is equally true for points along the routes of the "Southwest Ltd.", "Pioneer", and "North Coast Hiawatha".

CONCLUSION

Ridership has responded to improved service to date and will continue to do so. Maintenance and improvement of Amtrak service is particularly vital in the context of energy conservation, and the "carrot" of improved Amtrak service is more strongly supported by the public than the "stick" of reduced gasoline availability, though both may be necessary.

ROUTE-BY-ROUTE DISCUSSION

San Joaquin (Oakland-Bakersfield): Caltrans would like to subsidize the extension of this run into Los Angeles which would drastically increase ridership, but Southern Pacific is obstructing new services.

North Coast Hiawatha (Chicago-Bismarck-Billings-Seattle): This route has constantly been hampered by unreliable performance and frequent schedule changes. If continued, it would likely be helped by rerouting through Helena, the capital of Montana.

Lone Star (Chicago-Oklahoma-Dallas/Houston): NARP has long called for realigning Texas north-south services so they would run straight south from Dallas, the biggest market, rather than Ft. Worth. The full train should run Ft. Worth-Dallas-Waco-Houston and its performance would be improved by (a) picking up Waco, and providing direct Dallas-Houston service; (b) eliminating the costs of switching in Ft.

Worth and running a separate Ft. Worth-Dallas section; (c) providing a shorter route between Temple and Houston (using MKT Sealy-Houston).

Inter-American (Chicago-St. Louis Little Rock-Dallas-Ft. Worth-Austin-San Antonio-Laredo): As with the Lone Star, this train should head directly south from Dallas to improve running times between key cities. It has enjoyed dramatic ridership increases recently (Novbember up 36.4%). Station problems in San Antonio.

Floridian (Chicago-Louisville-Nashville-Jacksonville-Miami/St. Petersburg): NARP and others have fought a long hard compaign to get this train rerouted through Atlanta and Indianapolis. It also has heavy ridership within Florida, especially between Waldo (for the university at Gainesville) and Miami.

New York-Florida: The DOT report recommends cutting back from three daily trains to one, plus continuing the daylight NY-Savannah "Palmetto". This is Amtrak's most successful long-distance route and would suffer a dramatic decrease in capacity, as well as the following specific service eliminations: Charleston-Fayetteville (eastern) route in Carolinas would lose service to points south of Savannah; all service would be discontinued to the Waldo (western) line in northern Florida serving U. of Fla.; assuming Amtrak uses the heaviest travel pattern (Champion/Meteor schedules), cities served at convenient hours now by the Silver Star only would lose convenient service (Raleigh area; Richmond northbound; Jacksonville southbound). We find it hard to believe DOT's claim 81 percent of existing passengers would be served, unless one assumes people don't care what time of day they ride, and many extra sections would be operated. DOT implies, however, that very high peak fares would discourage peak ridership. (see note on page 11).

Southern Cresent: Secretary Adams says this train suffers from low ridership, yet SR's statistics presented to the ICC showed 1976 and 1977 ridership figures both up from year-before, and this train has uniquely been excluded from Amtrak's promotional campaigns. SR has not advertised the route since 1976, but Amtrak has just started a promotional effort timed with its Feb. 1 takeover of the train: advertising; new fares; consolidating stations with other Amtrak trains in Birmingham and Charlottesville; and eliminating SR's restrictions on riding between certain points. ICC did not grant permission to discontinue until after SR reached agreement with Amtrak to continue the service. Ridership has grown steadily: 156,574 in 1975; 157,493 in 1976; 165,729 in 1977; and 168,000 in 1978 (revenue passengers).

National Limited (NY/Washington-Pittsburgh-Columbus-Dayton-Indianapolis-St. Louis-Kansas City): GAO's study did not take into account cost reductions and service quality improvements realized late in 1978 when this train was converted to new Amfleet equipment. This is the only train Amtrak runs to Indianapolis near the Beech Grove shops, which Amtrak would continue as its major car overhaul facility under the DOT plan. Cars can be cycled in and out as "deadhead" equipment on the "National"; Amtrak would have to pay about $200,000/year to operate a special weekly move between Chicago and Indianapolis, in addition to having cars out of service longer than necessary.

Mt. Rainier (Seattle-Portland) and Pacific International (Seattle-Vancouver): These trains should run as one, producing a much more convenient schedule north of Seattle, and providing more ridership south of Seattle. A further improvement would result if the train was extended south to Eugene, OR, which the state may subsidize in the future. Vancouver is ideal route for testing of the LRC train.

Montrealer (Washington-NY-Montreal): Heavily patronized in Vermont; not strictly an international service. Used extensively by Canadians traveling to the U.S., which helps our trade balance. An opportunity exists to negotiate a reduction of costs billed by Canadian National. Transport 2000 (Canada), our Canadian counterpart, is protesting this proposal of discontinuance.

Pioneer (Seattle-Salt Lake City): This train connects with the "San Francisco Zephyr" at Ogden for service east to Denver and Chicago. The "Zephyr" has been plagued with exceptionally bad equipment and reliability and the provision of superliners on the run will greatly help the "Pioneer" which itself provides vital all-weather service to isolated points in Eastern Oregon.

Cardinal (Washington-Charleston, WV-Cincinnati-Chicago): Provides vital service to isolated points in West Virginia, particularly around Prince and Beckley. Has been hurt by bad Indiana track conditions forcing bypass of Indianapolis, and by bad station location in Cincinnati.

Southwest Limited (Chicago-Kansas City-Albuquerque-Los Angeles): Vital all-weather service to southeastern Colorado (where it is the No. 1 subject of letters to the Representative) and northern New Mexico and Arizona including Flagstaff. One of the fastest and most consistently reliable long-distance trains. Efforts to increase non-automobile visits to Grand Canyon would be hurt by discontinuance of this train.

Note on New York-Florida: DOT estimates 28 percent of "base case" passenger miles on this route would be diverted to other modes. However, this assumed use of higher-density Amfleet cars. If Amtrak President Alan Boyd sticks by his judgment—with which we agree—that such cars are not appropriate (NY Times, Feb. 23), the percent lost to rail would be even higher.

Toward More Transportation with Less Energy

(By Richard A. Rice, Professor of Transportation, Carnegie-Mellon University)

During the years from 1965 to 1970, this country was using almost 200 billion gallons of petroleum (five billion barrels) a year; at this rate, without the constraints we are now beginning to experience, usage could reach 400 billion gallons before 2000 A.D. In 1968, half this petroleum, or 100 billion gallons, was used for transportation, with about 60 percent burned in private motor vehicles. The 200 million private vehicles forecast for 2000 A.D. would need upward to 130 to 150 billion gallons alone; this is as much as the entire world usage as recently as 1950.

We now begin to sense that such projections, made easily enough a year or two ago, may in fact be impossible to fulfill. Does this country have either the energy prospects, the materials, or the funds to build and support such a fleet? Is there, then, an alternate mobility system to the automotive habit we now enjoy? Can we seriously consider planning goals and even legislative efforts to stimulate more efficient systems and reduce petroleum consumption rates?

In a previous article in this journal ("System Energy and Future Transportation," January, 1972), the author has reported in detail on the present productivity of transport energy use by various modes and attempted to discern directions tha tmay be indicated by such an analysis. This paper, building on that study, explores various alternatives for achieving a very specific goal: doubling transport output in 25 years while holding oil consumption devoted to transport under the present 100 billion gallons per year. We propose shifting intercity and urban traffic to modified systems with better energy efficiency, and then show that, if the right choices are made, personal vehicle ownership and auto travel could continue to increase, as could air travel; thus per capita transportation could be maintained or increased; and door-to-door travel convenience could be maintained or improved within the hypothesized constraint.

This paper is not designed to advocate any particular policy or any specific system design to accomplish the goal. The modal variants herein are only a few of many that have been or might be proposed. They are presented only as examples of possible energy savers. The same numbers and results could possibly be achieved with other modal variants.

Several assumptions are involved in this approach. The first, for the sake both of simplicity and challenge, is that the American family will continue to place a high priority on personal mobility and to prefer private vehicles when it comes to modal choice. We will accordingly arbitrarily assume that public transport will handle only 40 percent of the urban movement and 30 percent of what we call intercity travel. Thus we will assume that about two-thirds of the projected year-2000 overland passenger travel must move in door-to-door private vehicles.

This latter assumption imposes the condition that only 750 billion passenger miles of intercity passenger travel demand can be considered susceptible to commercial carriers. The balance—1,750 billion passenger miles—would have to be accomplished with 875 billion private-vehicle miles if the traditional two passengers per automobile are assumed. The figure for automobile traffic is only double the 1970 motoring volume, but the figure for commercial carriers is five times the 1970 figure of about 150 billion miles.

I. Low-Energy Intercity Passenger Transport

The earlier paper showed that some 30 billion gallons of petroleum propelled 800 billion passenger miles per year of intercity travel in the 1965-70 period; the gross efficiency was about 26 passenger miles per gallon (P.M./g.). Automobiles provided 700 billion passenger miles at about this 26 P.M./g. average; buses, trains, and aircraft, supplying about 100 billion passenger miles, achieved about the same average, consuming 4 billion gallons of fuel. The low propulsion efficiency of air transports, usually in th 20-to-22-P.M./g. range, offset the higher yields of rail and buses.

Holding the line in petroleum usage while tripling intercity travel by the year 2000 can be achieved only if we can increase the productivity of intercity transport from the average of 26 to about 75 P.M./g. in the next 25 years. At the latter figure

we could have nearly 2,500 billion passenger miles annually of intercity travel with a total petroleum use of 33.3 billion gal./year, quite comparable to 1970 intercity passenger fuel requirements.

To achieve such high propulsion yields in intercity transport in the year 2000 we can project only about 750 billion intercity passenger miles by private automobiles—and projecting even this much auto transport requires a motor vehicle far more efficient than today's. (We might note that at 15 m.p.g., 750 billion private vehicle miles would require a prohibitive 50 billion gallons just for the intercity portion of automobile driving.) The year-2000 goal is for 60 P.M./g. in private vehicles. This implies a very small auto (1.2 tons) achieving 30 m.p.g. with an average load of two people, a slightly larger compact auto of 1.5 tons carrying an average of 2.2 passengers on 25 m.p.g. or a two-ton automobile achieving 20 m.p.g. and carrying not less than three passengers.

If private vehicles are to be utilized in more than 750 billion miles of intercity travel in our year-2000 model, they will have to be piggy-backed on car carriers such as flatcar trains or highway movers. A 2000-h.p. locomotive using 130 gal./hr. of fuel at 70 m.p.h. could, in theory, pull a 700-ton train; this would accommodate 100 autos with 200 passengers—a load weighing 180 tons. Technically each car is thus traveling 50 m.p.g. It is this option, related to very small urban vehicles transported by rail in intercity service, that marks the great departure from present practice in the plan for the year 2000 here proposed.

Air transportation is a continuing option. A present four-engine 707 (130 seats) using 4 gal./mi. or a DC-10 (220 seats) using 6 gal./mi. yields at 60 percent occupancy about 20 to 25 P.M./g. But if flying speeds are held to 500 m.p.h. an air-bus similar to a DC-10 with 250 seats can be designed to use only 5 gal./mi.; at 60 percent load (150 passengers) this yields 30 P.M./g., and this appears to be the maximum passenger efficiency we can predict with the best-planned fan-jet engines. In the final plan we propose 150 billion passenger-miles annually of such intercity air service in the year 2000.

	Loaded weight (tons)	Block speed (mph)	Maximum theoretical number of seats	Maximum passenger-miles per gallon
Automobile (1970 model)	1.5	50	8	40
Luxury intercity bus	13.5	45	70	146
Ten-coach train	700	80	220	150
High-speed train	700	100	240	97
Pullman overnight train	870	90	100	33
Auto-train (coach service)	690	70	200 [1] (160)	104
Overnight auto-train	1,420	80	200 [1] (100)	34
T.A.C.V. hovertrain	60	200	120	23
727 jet	100	300	376	23
DC–10 airbus	200	400	750	30

[1] The number in parentheses is the number of urban mini-autos for which special railroad cars are provided.

This table compares the size, speed, and efficiency of several forms of intercity transportation which the author discusses. In order to increase available transportation by the year 2000 without increasing the amount of fuel devoted to it, the author proposes growing reliance on buses, trains, and auto-trains; such new, high-technology vehicles as hovertains are not promising in the time frame and under the fuel constraints which he sets.

Intercity buses today achieve 6 to 7 m.p.g. with loads of 20 to 25 passengers; they are unsurpassed in efficiency—measured in passenger-miles per gallon—in the U.S., and perhaps among all general carriers in the world. That this service must be expanded in the future appears almost certain. A somewhat more roomy bus 40 to 50 ft. long carrying 40 to 50 seats and attaining 4 to 5 m.p.g. is possible; at 60 per cent load this vehicle would deliver 125 P.M./g., and 250 billion passenger-miles of such service is included in the year 2000 model. At 125 P.M./g., this would involve only 2 billion gal. of petroleum—one-third of the amount recently used by domestic airlines to move but 100 billion passenger-miles.

In order to attract a patronage this large, the present passenger bus (8 ft. wide 40 ft. long) may have to be made a little roomier. Instead of crowding additional seating to gain the much higher energy yields that would be possible, we propose holding to 125P.M./g. with a 45-to-50-ft.-long vehicle 9 ft. wide with a load of 25 to

30 passengers. The larger size of this vehicle—essentially 9×50×11 feet, representing 100 ft.³ per seat—is generous by today's bus standards.

Today's long-haul passenger trains often carry too many sleepers and lounge cars and too few seats, only 33 per cent of which were regularly filled in the period between 1950 and 1970. A modern 2,400-h.p. locomotive (125 tons, using 2.0 gal./mi.) can pull a train of 525 tons at 70 to 90 m.p.h. This could take the form of a trailing load of six 65-ton modern bilevel cars, the coaches of which can be designed to provide 100 to 120 seats with spacing equal to airlines. With 60 per cent of its seats occupied (a load of 300 passengers), such a train of five 100-seat coaches and one baggage-express car yields 150 P.M./g. If the train runs at 125 to 150 m.p.h., a 4,000-h.p. locomotive (2.5 g.p.m.) is required and the system yields 120 P.M./g. By the year 2000 we need a fleet of 20,000 such rail coaches.

Assembling all this data, one can propose a model for intercity travel in the last decade of this century which gives 2,500 billion passenger-miles annually with a consumption of 33.3 billion gal. of petroleum:

	Passenger-miles (billions)	Passenger-miles/gallons	Fuel consumption (billions of gallons)
Intercity autos	900	60	15.0
Intercity autos piggy-backed	850	100	8.5
Overland air service	150	30	5.0
Intercity buses	250	125	2.0
Passenger trains	350	125	2.8
Total per year	2,500	75	33.3

The automobile travel and air service implied by this table would be a trifle Spartan by today's standards but are technically achievable; they represent about a 45 per cent productivity increase for air and a 90 per cent increase for autos. The rail and bus modes are already capable of delivering over 100 P.M./g. and in the styles projected above could actually provide service superior to that often offered today.

THE DISECONOMIES OF HIGH-TECHNOLOGY ALTERNATIVES

Are there significant alternatives for intercity transportation under the requirements we have postulated? Can other private vehicle concepts yield 50 to 70 P.M./g.? Are there other surface systems in the 100-P.M./g. range that might be better (or faster) than buses and trains? And finally, is there any alternative to airbus service in crowded 500-m.p.h. jumbo jets that would yield 30 P.M./g.? The questions obviously require evaluation of such alternatives to the tranditional modes as helicopters, short- or vertical-take-off-and-landing (V.T.O.L. or S.T.O.L.) aircraft, high-speed air-cushion vehicles on tracked systems (T.A.C.V.), magnetically levitated craft with linear electric motors, even automated intercity electronic guideways using perhaps electric power and magnetic guidance.

Initial research efforts in these areas have been concentrated more on technology and on component "demonstrations" than on long-range economics or general utility. But reports on these studies are beginning to yield information from which extrapolations can be made as to probable power requirements, general performance, and system-operating expense. The resulting conclusion is that most of the proposed innovative fast corridor systems have energy and propulsion ratios that are inferior even to today's automobile and represent no improvement over present fixed-wing aircraft yields at much higher speeds. In fact, none can apparently yield even 50 per cent of the 75 P.M./g. which seems imperative for such systems in the year 2000. S.T.O.L. can deliver at best only around 30 P.M./g., and T.A.C.V. systems would apparently average around 24 to 30 P.M./g. for top speeds in the 200- to 250-m.p.h. range.

Aside from reasonable fares, speed, and comfortable service, fuel economy quite probably will be the critical specification for any viable passenger system in the years 1990 to 2000. One expects that buses, trains, and other tracked systems will be held to the 100 P.M./g. goal. To offset and lower 50 to 60 p.m.g. which seems to be the ceiling on automobile and aircraft performance. Systems such as S.T.O.L. to T.A.C.V. and their derivatives are clearly inadequate by a factor of three, and the

prospects for evolutionary improvement to bring this deficiency from 30 to 90 P.M./g. look dim.

VERY HIGH-SPEED RAIL-BASED SYSTEMS

When the exotic contenders for short- and medium-haul special passenger service shall have been researched and found wanting, then such interest as has been focused on V.T.O.L., S.T.O.L. and T.A.C.V. might well stabilize on high-speed trains, now called "H.S.T." in British transport circles.

Between 1964 and 1971 there were completed in Japan and Europe some 1,000 units of high-speed railway equipment capable of operating safely and economically at speeds of 110 to 130 m.p.h. As early as 1954 the French operated two test trains with conventional electric locomotives pulling three cars at speeds over 200 m.p.h. Recently, the French and British have begun testing self-propelled turbine trains for 150-m.p.h. service.

The experience amassed in Japan and Europe now amounts to some 80 billion passenger miles in over 250 million train miles—about three million hours of service, most of it at speeds over 100 m.p.h. The safety and on-time performance records of these are accomplishments largely unnoticed in the United States.

By 1975, when over 5 million hours of operational experience will have been accumulated, newer high-speed rail lines will be under construction in Japan, France, Germany, and Russia. Speeds on these newer lines are to be in the 150-m.p.h. range; a surface trip of 300 to 400 miles will then occupy less than three hours center-to-center. Nor is 150 m.p.h. in 1975 to 1980 to be considered the limit: plans are well under way for 200-m.p.h. passenger trains in the decade of the 1980's, and there appears to be no technological or economic barrier to this concept.

Today's high-speed trains in the 125 to 150-m.p.h. bracket seem to operate with an energy-yield of about 100 P.M./g. Double-deck car bodies might slightly increase this overall efficiency, but significant increases in net concept-effectiveness may have to come from the elimination of extra cars in some trains for restaurant service, baggage, and mail; the substitution of better restaurant and baggage facilities within each pair of revenue coaches is a possible example. A final pressure in this direction is toward the "unit passenger train" utilizing more compact propulsion systems to virtually eliminate half the weight and most of the volume of the separate locomotive unit.

Tokaido trains are examples of paired cars (170 seats) of this type, using about 1700 h.p. to move 130 tons at 125 m.p.h. The Washington-New York "Metroliners" are essentially single 83-ton 61-passenger cars using 1,00 h.p. for 110-m.p.h. operation. The "Metroliners" are astonishingly heavy in relation to capacity; their propulsion components consume almost twice the weight and space per horsepower of comparable European and Japanese units. But there are precedents for improvement: the seven original articulated four-car stretched "Zephyr" unit-trains of the Burlington Lines, placed in service in 1963, cruised easily at 100 to 110 m.p.h. with a 660-h.p. diesel. The weight was 150 tons loaded, and various models carried 112 to 144 seats plus dinette and baggage areas. (It is interesting to speculate on the design implications of the Metroliner; it appears that at 100 m.p.h. two Metroliner cars with 122 seats and no mail-parcel rooms use energy equivalent to about 1.8 g.p.m. or 18 k.w.h./mi. A more recent unit train design, the three-car double-deck 200-ton concept for U.S.A. intercity service in the 1990s carrying 360 seats, including restaurant and baggage facilities, and cruising at 130 m.p.h. with 1,800 h.p., or 156 m.p.h. with 2,400 h.p. would deliver 170 m.p.g. with a 180-passenger load. At 90 m.p.h. using 800 h.p. it would deliver 270 p.m./g.

CAN TRUNKLINE RAILROADS MEET THE CHALLENGE?

Our model proposes that 48 per cent of intercity private vehicle movement be by autotrains, using 8.5 billion gal. of energy. This exceeds the 5.5 billion gal. of energy proposed for freight trains and the 2.8 billion gal. for passenger trains in the year 2000. Total railway energy use per year could thus rise to 16.8 billion gal. of petroleum (168 billion k.w.h. if electrified), of which half would be for autotrains; the latter, however, would replace a usage of over 20 billion gal. if these same autos motored independently.

Considering both piggyback and conventional passenger-carrying trains, the railroads by the year 2000 might be responsible for 1,200 billion passenger miles of travel. This compares with just under 14 billion in 1968 or about 35 billion in 1950. Since much of this increased year-2000 rail movement would take place over the 100,000-mile basic trunkline network of the U.S., it is necessary to ask if this much higher concentration of service is within the reasonable expectations of railroad

technology. Responding to that question, we have analyzed maximum average train tonnages and movements for freight, passenger, and piggyback service. Our finding is that if all the year-2000 rail traffic had to be concentrated on only 100,000 route-miles, something on the order of one train averaging the size of today's would be required every 30 min. each way. This frequency would be reduced if each train carried more traffic.

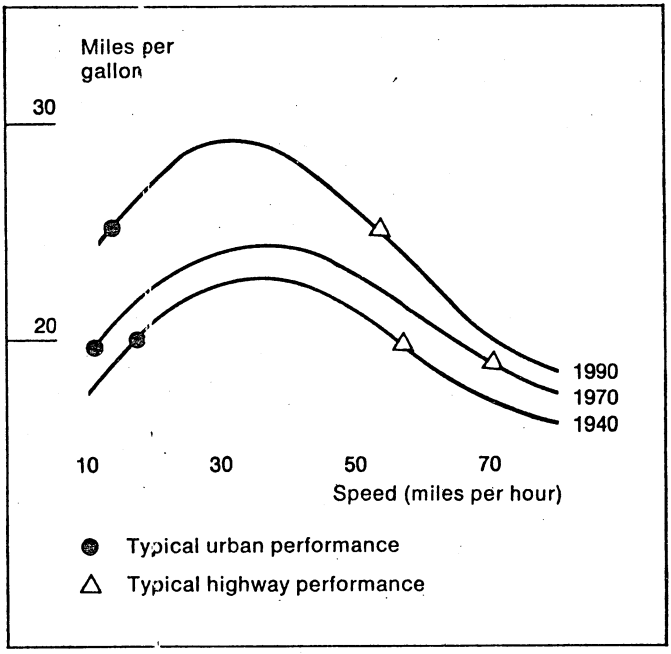
This density is quite high for a railway in America—though it is about average for many European and Russian railways. But this may be somewhat overestimated, since more than 100,000 miles of the present 200,000 mile network could probably be used, especially for freight and regular passenger trains, and the load carried on each schedule could probably be increased.

AUTOTRAIN: AN ENTICING VISION OF THE FUTURE

How convenient and acceptable would be a private-vehicle mobility pattern based on perhaps about 95 million small vehicles adapted for urban use and usable in intercity service only on car-carrier trains? The requisite service densities along the 100,000 mile route model system clearly indicate enough volume to warrant very frequent daytime autotrain service. The average wait would thus be very short even if schedules were not consulted; average speeds would be higher than driving on any trip over 80 mi.

Personal amenities—heating and cooling vehicles en route and food and sanitary service—would be as easy to adapt to as was the Interstate Highway System with its very limited interchange pattern.

Overland autotrain service should be markedly free from the usual driving delays and breakdowns, and the safety factor might well be five times better than on current highways. Given proper roadbeds and equipment, noise levels and riding comfort should be better than those in the same auto under its own power at 70 m.p.h.



Despite improved fuel economy since 1940 (until 1974, when air-pollution-control equipment reduced efficiencies), the fuel consumption per mile of the typical "low-priced" American car has tended to remain about constant because highway speeds gradually increased. A compact automobile suitable for intercity service, making nearly 30 m.p.g. at 40 m.p.h., is one element of the author's plan for increased transport mobility without increased fuel consumption by the year 2000.

II. REDUCING URBAN PASSENGER TRANSPORT ENERGY

How shall we reduce the energy expended for transport urban areas? Today all motor vehicles of any design are permitted access at any time of day, and clearly the stringent restrictions already being discussed will have to be implemented. For example, consolidated freight and goods deliveries, with the exclusion of through motor-freight vehicles, can probably reduce truck-related urban petroleum use.

The energy expended for urban passenger movement can, in theory, be reduced by rail rapid transit where densities justify it. In practice, however, like nuclear power plants for our electricity, most cities must wait until new rapid transit facilities are complete. When one considers the cost of such facilities, it is difficult to contemplate more than 2,000 route-miles of new electric rail urban transit being added in the next 25 years; the estimated cost of $40 to $50 billion is equal to the cost of our 40,000-mile Interstate System, and most of the former would be invested in 20 to 30 cities.

Thus, on a national scale, rapid transit and suburban trains can be projected to carry only some 70 billion passenger miles by the year 2000 A.D.—only five to six times more than at present. The balance of urban travel—at least 800 billion passenger miles—will have to move in buses and in gasoline- or electric-powered automobiles.

THE ULTIMATE URBAN VEHICLES

To meet the transport goal specified in the opening paragraphs of this article, we postulate a totally new class of automobiles.

We are accustomed to thinking of three general sizes of automobiles—4000-lb. six-passenger; 3000-lb. five-passenger, and 2000-lb. three-to-four-passenger. We think of

these as yielding perhaps 15, 20, and 30 m.p.g., respectively, under the best circumstances.

The design constants for the three sizes of personal autos are based on assumptions by no means as rigid as many motor car builders and buyers assume. Accepting today's assumptions, we remain essentially locked into our present three sizes of automobiles with their eight-to-ten year life. If we attempt instead the twelve new planning compromises which are listed in the adjacent table, then the design of a strictly urban-oriented, 1500-lb. low-powered vehicle with 15 to 20 h.p. becomes possible. Even at low efficiences typical of all automobiles, such a vehicle should only use 1 to 1.5 gal./hr. in normal suburban driving at 25 to 40 m.p.h.—actually achieving 30 m.p.g. in urban use and 40 m.p.g. in level country driving. This would be 2.5 times better than many domestic cars and over 50 per cent better than most European autos near cities. Further improvement in this size of vehicle could be achieved by lowering rolling resistance with tire pressures double present levels to 50 to 60 lbs. Ultimately, it is possible to conceive a vehicle—almost a bicycle in some respects—with a true power requirement of only 6 h.p. at the transmission, delivering 5 h.p. at the wheels which is required for level 30 m.p.h. cruise.

Somewhere on the way to this ultimate vehicle, between today's 2-per-cent efficient automobile engine using one gal./hr. to move a soft-tire, scaled-down 1,500-lb. auto at 30 m.p.h. and tomorrow's possibly 30-per-cent efficient engine requiring only 1/3 gallon to move a similar or smaller vehicle per hour on hard tires, may lie the achievable urban auto. Thus we are looking ultimately at vehicles using 30 to 100 m.p.g., and in the interim—to the year 2000—at 1,500-lb. urban autos crusing at 40 m.p.h. with perhaps 10 h.p. using 0.8 gallon per hour for cruising at 50 mi/gal.

The sacrifice in this concept is mainly large tires, heavy suspension, bulging panels, and super-acceleration. Other weaknesses of such a vehicle from today's viewpoint would be a fragile suspension requring elegantly smooth and level urban streets; very poor snow-negotiating or soft-ground capability, inability to negotiate very rough country roads a light-weight body structure compared to most of today's automobiles, and a somewhat diminished cornering ability. Yet the result should be a resonable level-terrain, personal transportation vehicle; and with the choices of yesterday vanishing, the urban dweller's future alternatives may well be an automobile something like the above, an electric bus, or bicycling or walking.

If 50 per cent of urban transportation can be accomplished by such small personal vehicles and the balance through a relatively modest expansion of public transport, urban passenger transport energy might well be cut by over one third—and petroleum use for urban transport by over 50 per cent. This would be done while continuing to expand urban passenger mobility.

ENERGY-INTENSIVE URBAN INNOVATIONS

The concepts of people-movers within the central areas of the larger cities, and of airport corridors in many of these same cities, have sparked a number of proposals for automated and uniquely suspended transit systems. Most of these share two characteristics—an electrically based propulsion system and a separate-level guideway.

Except for the linear moving sidewalks, most of these systems are modern, sophisticated versions of the urban monorail proposals that flourished in the 1925-to-1955 era. Most of today's proposals are no longer hanging or suspended modes; the trend is to propose tires (captive aircushions) or "pads" (pumped air cushions) for basic support. Proposed speeds range from 6 to 15 m.p.h. for the smaller central circulator systems and up to 150 m.p.h. for the airport corridor pad-supported systems.

But the scale of urban transit use is such that, even with what might be considered "extensive" installation of such modes in some urban areas by 1995, the overall energy problem as being evaluated in this perspective will not be significantly affected. And there is a second basic issue here: most of these ideas are surprisingly energy-intensive on a passenger-mile basis. For both reasons, the overall impact on urban energy needs by the year 2000 is not likely to be significant.

Automobile characteristics implicit in present assumptions	"Almost certain" compromises to meet future constraints
Top cruise speed over 60 m.p.h.	Top speed of 45 m.p.h. in moderate terrain
Fast acceleration	Reach 37 m.p.h. in 30 sec.
"Uncrushable" superstructure	Waterproof, rigid structure
Minimum visual size for "good styling": 6 × 15 ft., with apparent space for four passengers minimum	Size not exceeding 5 × 12 ft. adequate for three people (or two adults and two children) for short trips
Graceful fenders and bonnet	Utilitarian covers for wheels and motor
Permanently mounted engine (no instant engine repairs)	Slide-in-slide-out exchangeable engine for flexible options
Soft tire pressures and suspensions	Harder tires and less springing possible on better urban streets
Interchangeable parts among builders discouraged	Standardization of many parts
Do-it-yourself repairs not encouraged	Do-it-yourself maintenance facilitated
Follow-on parts utility in future models discouraged; limited usefulness for used parts	New chassis buyer will include many parts from older autos where safe
Discard utility strictly for scrap materials except for selected items	Many parts—window panels, seats, wheels, electrical units, etc.—usable in other vehicles or for other purposes

If the automobile is deeply engrained in American life, so are a set of assumptions and constraints deeply engrained in most Americans' view of the automobile. The need to make more efficient use of energy in transport will force change, thinks the author; indeed, a dramatic change in automobile transport efficiency is an essential part of his plan for increasing U.S. mobility with reduces energy consumption by the year 2000. The list above omits one significant recent design assumption: the U.S. has elected to reduce automotive pollution by using a percentage-of-exhaust principle. The alternative, a fixed limit of total emission per vehicle per year, would have the effect of encouraging lighter, more economical automobiles.

III. FREIGHT SERVICE: MORE WORK ON THE RAILROAD

Motor carriers today move about half of the non-fuel, non-bulk, manufactured and general products in the U.S.; the other half of this group moves by rail, special captive units, or air freight. Heavy tractor trailers (10 to 15 tons of cargo) get about 4 m.p.g. at 55 m.p.h.; they are therefore delivering 40 to 60 net ton-miles per gallon (T.M./g.). Today's freight trains may deliver up to 250 T.M./g.

Intercity motor trucks are now estimated to consume about 8-billion gallons of fuel per year, and this figure would reach almost 12 billion gallons by 1990 without restriction. But under severe restraint, up to 50 percent of truck-trailers could be moved piggyback by rail flatcar-trains; and the balance of motor-truck traffic could be managed at somewhat better energy ratios in more efficient equipment and operations. Under this minimum truck-haul strategy, the intercity motor-carrier operators would handle some 500 to 600 billion ton-miles of traffic. But only 300

billion ton-miles of this would be permitted on motorways, and this amount would have to move at efficiencies of 75 T.M./g. requiring only 4 billion gallons of fuel per year. The balance of the motor carrier freight would be managed by rail carrier trains where presumably the energy-efficiency can be increased about 200 T.M./g.

IV. SUMMARY: DOUBLING MOBILITY ON TODAY'S FUEL

The problem explored in this paper is that of adequately serving America's expanding transport needs in the face of an energy squeeze. Surely a change in the present patterns of fuel availability would bring about quantitative and qualitative changes in our transportation system, which is today based largely on energy from petroleum. But when all the yields of the various alternatives are compared, it does not after all appear inevitable that curtailment in total energy use means restrictions in travel.

Alternate transportation systems are already available with potential energy yields far higher than those of today. Even without extensive system electrification—which would make coal and nuclear fission available as primary transport energy sources—petroleum consumption per unit of traffic moved could be cut in half. Almost twice as much traffic could be moved with the same or less total petroleum. If some electrification is additionally undertaken, and electric power substituted for on-board fuel, total transport petroleum use—but not total transport energy—could be further reduced.

Even if we are held to technology basically similar to that of today 6,400 billion passenger- and ton-miles of transport could be performed after 1990 using only about 78 billion gallons of petroleum (or equivalent in electricity), as compared with about 91 billion gallons used to propel only 3,725 billion unit-miles in the 1965-to-1970 period. If we tried to move the 1990 traffic of 6,400 billion unit-miles at today's transport efficiencies we would require 159 billion gallons to do the job; this is almost 80 percent more transport petroleum energy than used today, and would surely have more environmental impact despite some improvement planned for auto emissions.

While this proposal requires some shifting to public carriers in the intercity field, auto ownership could still increase to 200 million units. Private-vehicle intercity travel in door-to-door trips could double from 900 billion passenger miles to 1,750 billion passenger miles if performed in compact intercity autos achieving up to 28 m.p.g. at 50 m.p.h. and in even smaller urban vehicles on autotrain carriers. Some 750 billion passenger miles, or 30 percent of the intercity total, would move by fast buses air-bus planes, or passenger trains.

In the urban field, where we now move 32 billion passenger miles per year by transit bus, taxicab, commuter trains, and rapid transit lines, some 150 billion passenger miles would have to be thus accommodated by the 1990-to-2000 period. The present 620 billion passenger miles in urban autos at only 1.3 persons per car might be increased to 750 billion passenger miles with compact urban autos traveling up to 30 m.p.g. at 20 to 30 m.p.h.

These adjustments of private vehicle usage imply a fleet of perhaps 150 to 200 million vehicles, of which about 95 million would be compact travel units (suitable for car-carrier trains in intercity service) and perhaps 75 million small, "regular" petroleum autos. On top of this 170-million vehicle fleet, one would postulate 30 million motorcycles, travel trailers, and recreational vehicles of special design whose energy use is included in a miscellaneous use category.

MAINTAINING PERSONAL MOBILITY AT TWICE THE EFFICIENCY

To the general question: "Could the United States continue to expand its overall transportation output and mobility in the face of a severe constraint on petroleum usage?", one can reply with qualifications in the affirmative. One can even go further that this and state that apparently the United States could almost double its collective mobility volume over the next 25 years and use less oil and energy per year than at present.

Originally it was postulated that we would try to avoid requiring over 30 percent of intercity journeys to be moved by commercial carrier, or over 40 percent of urban journeys by public transport. In the model evolved, 70 percent of the cross-country travel is moved door-to-door in private vehicles, including piggyback vehicles, and more than half of urban trips remain in private vehicles. The numbers of private vehicles of all types that might be permitted for our 300 million population in the year 2000 is surprisingly large—about 2.5 vehicles per household, or 200 million units.

The method in evolving the model was to move always in the direction of energy efficiency while holding to the most compatible adaptions of today's existing transport modes, and while retaining private-vehicle mobility to the greatest degree feasible. In consequence, the results do not depend on the successful introduction of virtually all-new modal systems and networks; such new modes as V.T.O.L., S.T.O.L., or T.A.C.V. are not required or utilized. One modal variant is anticipated: a small urban auto; and one transmodal hybrid is expanded: the piggyback principle for a car-carrier passenger autotrain.

Finally, it is not proposed that this energy-conserving transport model is the only one possible for achieving substantially higher efficiencies, and it is not even set forth at this point as the best that might be achieved. Other modal variations and tradeoffs are undoubtedly possible which could also yield significantly lower energy needs, and especially lower petroleum use.

Lastly, while a reduction in oil consumption for transportation is clearly desirable, it is still not yet proved by what magnitude, if any, overall energy usage must be reduced in the transport field. The doubling of transport energy efficiency was arbitrarily selected as a 25-year goal. The conclusion, on these assumptions, is that neither the expansion of total national mobility nor the wider ownership and operation of private vehicles need to be sacrificed in order to significantly reduce transport energy consumption and petroleum use in the United States by the year 2000. Transport alternatives quite similar to today's service patterns might in fact yield twice the transport output per unit of energy consumed.

	Typical year, 1966-70 period			Typical year, 1900-2000 period				
	Total annual passenger- or ton-miles (billions)	Passenger- or ton-miles per gallon (N.P.E.)*	Total fuel consumption (billions of gallons)	Total annual passenger- or ton-miles (billions)	Number of units in service (thousands)	Passenger- or ton-miles per gallon (N.P.E.)*	Total fuel consumption (billions of gallons)	Investment in fleet (billions of dollars)
Intercity passenger transport								
Trains:								
Coaches and Pullmans	13	—	—	350	25	—	—	$ 6.25
Power units	—	65	0.2	—	5	125	2.8	2.00
Buses	25	83	0.3	250	45	125	2.0	4.50
Aircraft:								
Short-haul	30	15	2.0	30	0.6	30	1.0	5.40
Long-haul	60	20	3.0	120	0.55	30	4.0	11.00
Auto-trains:								
Vehicle carriers	—	—	—	850	500	100	—	30.00
Power units	—	—	—	—	12.5	100	8.5	6.25
Intercity freight transport								
Railroad freight cars	700	—	—	1,350	1,400	—	—	9.00
Railroad piggy-back cars	50	170†	0.3	240	150	200	1.2	6.00
Trailers for piggy-back use	(50)	—	—	(240)	280	—	—	4.20
Tractor-drawn trailers	400	—	—	300	360	—	—	5.40
Freight locomotives	—	200	3.5	—	30	240	5.5	9.00
Highway tractor units	—	50	8.0	—	270	75	4.0	5.40
Automobile transportation								
Highway automobiles:								
Intercity use	900	35	26.0	900	45 000	60	15.0	180.00
Local use	620	18	35.0	450	35,000	27	16.3	140.00
Urban automobiles:								
Auto-train use	—	—	—	(850)	70,000	100	—	210.00
Local use	—	—	—	300	30,000	50	6.0	90.00
Urban passenger transport								
Rail rapid transit	7	60	0.1	60	40	70	0.8	10.00
Rail commuter service	5	50	0.1	10	3	70	0.2	0.75
Diesel urban buses	20	40	0.5	80	80	50	1.6	3.00
Electric urban buses	—	—		250	100	100	2.5	10.00
Miscellaneous								
Local and urban trucking	200	20	10.0	200		40	5.0	
Inland waterways	290	240	1.2	400		267	1.5	
Oil pipelines	400	267	1.5	500		333	1.5	
Air freight and private flying	14	10	1.4	25		12	2.0	
Subtotals								
Automobiles (including auto-trains)	1,520	25	61.0	2,500		55	45.8	$656.25
All other passenger carriers	160	26	6.2	1,150		77	14.9	52.90
Intercity truck and railroad freight	1,150	98	11.8	1,890		177	10.7	39.00
Miscellaneous	904	64	14.1	1,125		112	10.0	
Grand total	3,734	40	93.1	6,665	N.A.	82	81.4	N.A.

In 1970 the U.S. used about 90 billion gallons of oil to provide 1,100 billion passenger-miles and 2,050 billion ton-miles of transportation. This table shows how the author would provide under what he calls a "semi-austerity" transport energy budget nearly twice the total of passenger- and ton-miles of transport by 1995 with no increase in petroleum consumption. The plan calls for considerable increase by 1995 in the traffic carried by intercity passenger buses and trains, urban buses, and railway piggy-backing of road trailers. Two new developments are projected: a sizeable fleet of urban passenger automobiles and a fleet of intercity passenger-carrier auto-trains to give these urban automobiles intercity capability.

In terms of yearly production of transport vehicles, the author sees no overall change by 1995; the numbers of highway tractors hauling freight will be reduced, and so will the demand for new jet aircraft; but the annual gross manufactured value of transport units for the projected, energy-efficient fleet may be higher than that today. A slowing in the general growth of private vehicle ownership and operation does not appear imminent, writes Professor Rice. (The investments shown above for rail commuter and rapid transit cars do not include the cost of new subways or stations; indeed, no fixed-facility costs are included in any of the fleets. Military and agricultural consumption are not included.)

*The passenger- or ton-miles per gallon measure net propulsion efficiency (N.P.E.); this is the same as ton-miles or passenger-miles per 130,000 B.t.u. or per 10 kw.h. supplied at the third rail or power wire of an electrical rail system.

†The figures for rail piggy-back-freight are for the contents of the trailers only; the weight of trailers is not included.

Senator HEFLIN. The next group, I believe, is a group of State officials representing various public service commissions.

Gentlemen, your full statements will appear in the record. If each of you will try to summarize your statements, we would appreciate it.

STATEMENTS OF JOHN DOWNING, DEPUTY COMMISSIONER, NEW YORK DEPARTMENT OF TRANSPORTATION; EDSON L. TENNYSON, DEPUTY SECRETARY FOR LOCAL AND AREA TRANSPORTATION, PENNSYLVANIA DEPARTMENT OF TRANSPORTATION; AND BRUCE HAGEN, COMMISSIONER, NORTH DAKOTA PUBLIC SERVICE COMMISSION

Mr. TENNYSON. I will start.

I am deputy secretary of the Pennsylvania Department of Transportation, Senator.

Basically, our statement points out that the USDOT report has cut out some of the most heavily patronized and least costly or most cost-effective trains in the whole national system. Right through Pennsylvania, Pennsylvania to Florida, Pennsylvania to the west, Philadelphia to New York. The heaviest line in the country is being cut at a time the peak trains are running with 1,000 people on each one.

Philadelphia to Harrisburg, trains attract 33 percent of the market, not one-third of 1 percent. Wiping out the best trains. We can't have this. You must reject the report.

We have the most cost-effective service. Only 5 cents per passenger mile in the report that they gave you, perhaps 6.5 or 7 now with inflation, but it is very close to no loss at all in an operating cost basis.

The reason they are wiping it out, they call it commuter service. It is not commuter service. The Federal courts have determined it is intercity service, serves Pennsylvania, New Jersey and New York. We can't have such a wipeout.

[The statement follows:]

STATEMENT OF E. L. TENNYSON

The Department of Transportation of the Commonwealth of Pennsylvania appreciates and welcomes this opportunity to appear here to explain our serious problems with the United States Department of Transportation's recommendations for restructuring the Amtrak intercity railroad passenger system as required by the Amtrak Improvement Act of 1978, Public Law 95-421.

I am E. L. Tennyson, for the past 7 years Deputy Secretary for Local and Area Transportation, and for 32 years an engineer working with all modes of common carrier passenger transportation. Act 120 of the Pennsylvania General Assembly of 1970 authorizes my participation in federal matters of interstate commerce. I am a registered professional engineer in Ohio and Pennsylvania.

The Congress was well advised when it voted to improve Amtrak by restructuring. Our problem is with the specific recommendations from U.S. DOT which would increase unit costs of serving a greatly reduced segment of the market. Pennsylvania would be particularly hard hit, even though our trains operate at the lowest avoidable unit costs and generate some of the highest unit revenues. This does not comply with the Congressional instructions in the Act, or with the public interest.

In Section 4(a) of the Act (P.L. 95-421), Congress established five criteria which were not squarely faced by the U.S. DOT recommendations before you.

1. The unique characteristics of rail was one. Properly operated rail service uniquely penetrates metropolitan areas free of traffic congestion at relatively high speed at lowest cost. Rail passenger service is the most popular of all modes, including the automobile, for trips of 160 to 190 miles, and has the highest public

attraction except for the automobile for trips of lesser distance when the schedules are convenient. Rail is least inhibited by fog, snow, traffic and accidents.

2. Energy conservation was another. The Philadelphia-Harrisburg and the Los Angeles-San Diego trains actually produce 5 times as many passenger-miles per gallon of fuel as air or auto travel. That is an 80 percent saving of precious energy. Other trains average twice the fuel efficiency of the more popular modes.

3. The relationship of benefits to cost was the third question. The average Amtrak rider moves at an avoidable cost of 10 cents per passenger mile. This is figured comparable to and considerably less than the same cost for auto or air travel for distances under several hundred miles. The avoidable cost is that which would be saved if the service were discontinued. It does not include fixed costs and overheads, just as the cost of driving does not include the $7 billion annually of non-user local tax money that goes into streets and roads, and the nearly $2 billion of air transportation costs that are not paid by the airlines. It is impossible for Amtrak passengers to pay their full cost plus taxes when other travelers do not. The only fair basis for comparison is avoidable cost.

It should be noted in the U.S. DOT report that trains which they recommend for abandonment cost $15 per mile, but trains recommended for continuation cost $45 per mile. It should be obvious that no meaningful recommendation can be based on such disparate figures.

Our Philadelphia-Harrisburg and Philadelphia-New York trains, the best of which would be discontinued on October first under the recommendations, have avoidable costs of only 8 cents per passenger mile, which is just about what the fare is. In contrast, an automobile trip over these same routes will cost about 20 cents per passenger-mile, 2½ times more. It will be a disaster to the people of our area to discontinue their most economical service. It is diametrically opposed to energy and environmental policies coming out of Washington. Why should the best trains be discontinued?

4. Adequacy of alternative modes. Air travel in this market, which is one-sixth of Amtrak's national total, is not relevant. The cost and inconvenience of air travel makes it useless in this market. Bus service is partially available, but it too is useless for many of the trips. There is no bus service at all between Harrisburg and Lancaster because there were only one or two passengers per trip. There are only 20 bus riders a day from Lancaster to Philadelphia, as compared to 300 by Amtrak. The bus is much too slow. The New York-Philadelphia buses cannot stop at Trenton, Princeton Junction and Newark and still be fast enough to attract many riders. No alternative is more cost effective than these trains which U.S. DOT would curtail. They have high load factors and serve thousands of people each day.

5. Market and Population. The U.S. DOT report does not address this Congressional requirement at all. Service is being stripped from the best markets with large populations, such as:

The peak hour New York-Philadelphia trains (1st and 4th largest cities).

The peak hour Harrisburg-Philadelphia trains (Amtrak's third best).

The Philadelphia (and New York) to Florida run, the nation's best long rail haul.

The Pittsburgh-Cleveland market, now not served at all, would be offered what we believe will be middle-of-the-night service for a 130 mile trip. This is an insult to the traveling public and to the taxpayer.

The Philadelphia-Pittsburgh market would have its poor present service cut in half at the most inconvenient travel hours possible. The Congress should look at the size of these markets: (1) New York-Philadelphia—16 million population; (2) Philadelphia-Harrisburg—5 million population; (3) N.Y.-Philadelphia-Florida—23 million population; (4) Cleveland-Pittsburgh—5 Million population; and (5) Philadelphia-Pittsburgh—8 million population.

The avoidance of market consideration is best illustrated by the complete elimination of service from Dallas/Fort Worth, one of nation's 10 greatest metropolitan areas. In our own state, passenger use of the Lake Shore Limited has grown very well serving Erie, Buffalo, Cleveland and Toledo on the Boston-Chicago run. The recommendation will eliminate this rail service between Buffalo, Erie, Cleveland and Toledo in favor of a closed-door operation through Canada at U.S. taxpayer expense. We have no air service from Erie to Cleveland or Toledo and only one flight per day, Erie to Buffalo. The U.S. DOT estimate that patronage will grow by removing service is surely mistaken, just as promises for Penn Central and ConRail success were mistaken.

We do appreciate the recommendation that rail passenger service be instituted between Washington, Pittsburgh and Cleveland, but we fear it will bypass the Youngstown traffic generator and operate at the worst possible time of night. Good

rail markets cannot be served by one train per day. Unit costs are too high in terminals with only one train per day.

The U.S. DOT report would have us save our trains by assessing half the cost against the state. With interstate trains, charges against a state are unfair. Within the state, we have been attempting to contract for state assisted train service, but Amtrak has not been willing on new routes because they have no appropriation to fund the other half of the cost. If U.S. DOT is serious about state participation, they should recommend the same 80-20 funding we have for other forms of transportation and they should recommend at least $16 million per year for it.

It is most important that our well patronized and low cost service not be emasculated. Congress must reject the report, or approve it with additions and corrections. We recognize the budget problem, but there can be no saving when the lowest cost service is eliminated and higher cost services are retained. Savings can be found on the empty trains, in the failure to recover waterway costs, in the cross-subsidy to other forms of transportation and in the terribly costly and impractical regulations being promulgated to require huge low return investments in alternative facilities elsewhere in the federal budget.

National Railroad Passenger Corporation

A M T R A K

AVOIDABLE COST BY ROUTE 1977 Actual + 1979 @ 115%

Route	Length	(000) Train Miles	Passenger Miles	¢/P.M.'77	¢/P.M.'79	(000) Passgrs.	PM/TM
*@Harrisburg	103 mi.	733	47,675	5.8¢	6.7¢	914(2)	65
Col. Tidewater	414 "	467(1)	99,946(1)	6.2¢	7.1¢	598(1)	214
Panama	923	667	93,979	7.1¢	8.2¢	200	141
*N.Y.-Phila.	90	505	137,737(1)	7.1¢	8.2¢	2,687(1)	273
*Blue Ridge	73	58	10,479	7.2¢	8.3¢	256	180
Bos.-Wash'n	456	3,139(1)	577,544(1)	7.4¢	8.5¢	4,410(1)	184
Palmetto	828	570	86,018	7.5¢	8.6¢	398	151
Metroliner	225	2,001(1)	272,179(1)	7.7¢	8.9¢	1,852(1)	136
@San Diegan	128	517	66,150	7.8¢	9.0¢	794(3)	128
*S.W.Ltd.	2,223	1,616	271,447(3)	8.0¢	9.2¢	257	168
@Minn-Duluth	181	111	10,981	8.5¢	9.8¢	79	99
*SaltLk.Seattle	1,081	778	47,428	8.6¢	9.9¢	142	61
L.A.-Seattle	1,364	987	198,338	8.8¢	10.1¢	424	201
*N.Y.-Harrisbg	197	99	12,097	8.9¢	10.2¢	202	122
*N.Y.-Florida	1,385	2,670(2)	518,042(2)	8.9¢	10.2¢	703	194
System Average							128
@Chi.-St.Louis	282	409	33,529	9.0¢	10.4¢	187	82
Sunset Ltd.	2,022	630	86,917	9.1¢	10.5¢	89	138
[illegible]llini	310	315	23,938	9.2¢	10.6¢	147	76
[illegible]roadwayLtd.	904	833	130,851	9.2¢	10.6¢	214	157
*Lake Shore	1,038	866	111,652	10.1¢	11.6¢	267	129
Median							
@Chi.Detroit	279	650	58,493	10.4¢	12.0¢	426	90
@Chi.-Quincy	263	190	14,825	10.8¢	12.4¢	87	78
*Vancouver	156	114	7,265	10.9¢	12.5¢	65	64
*Lone Star	1,369	1,019	95,744	11.1¢	12.8¢	245	94
*NationalLtd.	1,324	1,005	89,425	11.4¢	13.1¢	188	89
@Empire State	465	1,332	115,901	11.7¢	13.5¢	603	87
Chi.-SanFrisco	2,404	1,736(3)	204,864	11.9¢	13.7¢	255	118
*Seatl-Portld	186	134	12,224	12.0¢	13.8¢	83	91
@Adirondeck	375	282	24,011	12.5¢	14.4¢	114	85
*Chi.-Florida	1,601	1,361	81.684	12.7¢	14.6¢	125	60
Chi.-Seattle	2,289	952	129.483	12.9¢	14.8¢	188	136
*Montrealer	670	492	72,811	14.0¢	16.1¢	346	148
*St.L-Laredo	1,167	558	40,704	14.3¢	16.4¢	133	73
*Chi.-Seattle	2,230	1,048	108,994	15.0¢	17.3¢	210	104
*Bakersfield	312	225	11,933	15.3¢	17.6¢	81	53
*Wash-Cin-Chi	898	1,085	52,082	15.7¢	18.1¢	164	48
@Dubuque	182	130	6,125	16.5¢	19.0¢	46	47
Chi.-Milwaukee	85	230	20,512	16.7¢	19.2¢	256	89
H.-Spfld.	62	278	10,003	17.0¢	19.6¢	283	36
@Blue Water	318	234	15,890	17.6¢	20.2¢	94	68
*Shenandoah	545	409	10,223	20.0¢	23.0¢	60	25

*Restructured (curtailed) by U.S. DOT Recommendation.
@State supported (403-b)

Mr. DOWNING. I am Deputy Commissioner John Downing, New York State. I have with me Mr. Lou Rossi, director of our rail group.

I will briefly go over some of the highlights as we see it.

On DOT's final plan, is 60 percent of the load serving 90 percent of the market worthwhile? We think it is. Therefore, New York wholeheartedly endorses DOT's final conclusions and national route recommendations.

There should be no doubt this plan must be approved and implemented without delay even though recommended service cuts for New York will probably be greater than cuts for any other state.

DOT has targeted the Montrealer, National Limited, and two of the Florida trains, Silver Meteor and Champion, for termination. The point is DOT correctly concluded that it is impossible to justify continuation of these and other highly unprofitable long-distance trains for the immediate future.

Fortunately, affected passengers will be able to take other Amtrak trains or switch to alternate modes. DOT's viewpoint that Amtrak's system must be shrunk to a more manageable size hits the nail on the head.

Now that DOT has attempted to solve the simpler route structure problem, I am convinced, from our experience in New York, that Amtrak management, under the leadership of Mr. Alan Boyd, can successfully tackle the remaining key issues and keep their federally funded deficit in check.

This will free up Amtrak management resources to resolve the important questions of revenues, costs and service qualities.

On the need for Amtrak 403(b) legislation, Amtrak's greatest ridership potential exists in the Nation's high-density corridors. Therefore, we have committed more than $65 million since 1974 for capital improvements to initiate high-speed rail service between New York City, Albany, Buffalo and Niagara Falls.

Our commitments have gone far beyond capital investments. To supplement Amtrak basic system service in the State, we have distributed $9 million since 1974, under section 403(b).

To increase service frequency in New York City-Albany, portions of the Empire corridor and extend new service from Albany to Montreal. Over and above our involvement with Amtrak services, we fund and operate the New York Area Commuter Rail System. This is the largest rail passenger operation in the United States with over 1,200 daily trains carrying nearly 100 million passengers each year.

High density corridors are the mainstay of Amtrak's national network and I applaud the Department's vote of confidence for our Empire corridor.

The section 403(b) program must be expanded to accommodate those States that are willing to put up resources to continue services targeted for elimination and to provide an improved program for existing 403(b) States.

At a minimum, therefore, the revised 403(b) program should provide increased service management responsibility for the States with provisions to permit States to contract directly with the railroads to operate Amtrak services.

The bottom line would be dramatically improved service at a lower cost to the taxpayer. Details of the proposed direct contract procedure are highlighted in your attached brief outline.

New York State will not support any changes to the existing 403(b) program unless the direct contract procedure is adopted.

Thank you very much.

[The statement follows:]

STATEMENT OF WILLIAM C. HENNESSY

Mr. Chairman and members of the subcommittee, I am pleased to be here today to comment on USDOT's final Amtrak route plan and present the views of New York. Up front, I'd like to emphasize that I'm representing the largest "Amtrak state" in the nation. In 1977, New York State alone produced almost one-quarter of all origins and destinations for the entire Amtrak system. I'm here today as the spokesman for all these Amtrak passengers.

USDOT'S FINAL PLAN MUST BE ADOPTED

New York whole-heartedly endorse USDOT's final conclusions and national route recommendations. There should be no doubt in the mind of Congress that this plan must be approved and implemented without delay. I'm not saying this because New York escaped USDOT's route cuts. The fact is, recommended service cuts for New York will probably be greater than cuts for any other state. USDOT has targeted the "Montrealer", "National Limited" and two of the Florida trains—the "Silver Meteor" and the "Champion"—for termination. The New York Metropolitan area alone generated 18 percent, 16 percent, 19 percent and 21 percent of total origins and destinations for these trains respectively in 1977. The point is, USDOT has correctly concluded that it is impossible to justify continuation of these and other unprofitable long distance trains and that cuts must be made now. Fortunately, affected passengers will be able to take other Amtrak trains or switch to alternate modes. New York will swallow hard and take these cuts. Other states should do the same.

USDOT's viewpoint that Amtrak's system must be shrunk to a more manageable size hits the nail on the head. The DOT report identified several key issues that remain to be addressed including a need for increased revenues, better cost controls and improved service quality. Critics of the final Amtrak plan will suggest that Congress should scrap the plan and send USDOT back to the drawing board to address and resolve these issues. This is clearly not the answer. Only Amtrak, and not USDOT, can solve these fundamental problems. Now that USDOT has solved the simpler route structure problem, I am convinced from our experiences in New York that Amtrak management, under the leadership of Alan Boyd, can successfully tackle the remaining key issues and keep their federally-funded deficit in check after the national system has been shrunk to a more manageable size. This will free-up Amtrak management resources to resolve the important questions of revenues, costs and service quality so Amtrak can provide high quality, efficient service at a reasonable cost to the taxpayers.

NEED FOR AMTRAK 403(b) LEGISLATION

We in New York have known for several years that Amtrak's greatest ridership potential exists in the nation's high density corridors. As a state that puts its money where its mouth is in the passenger service business, we have committed more than $65 million since 1974 for capital improvements to initiate high speed rail service in our New York City-Albany-Buffalo/Niagara Falls Empire Corridor. And, our commitments have gone far beyond capital investments. To supplement Amtrak basic system service in the State, we have contributed $9 million since 1974 under Section 403(b) to increase service frequency in the New York City-Albany portion of the Empire Corridor and extend new service from Albany to Montreal.

Over and above our involvement with Amtrak services, we fund and operate the New York City area commuter rail system. This is the largest rail passenger operation in the United States, with over 1,200 daily trains carrying nearly 100 million passengers each year—more than five times the volume handled by Amtrak.

I am pleased that USDOT's final report correctly recognizes that high density corridors are the mainstay of Amtrak's national network. And, I applaud the Department's vote of confidence for our Empire Corridor with their recommendation that service be maintained at full frequency. In all, because we have put enormous amounts of money on the line to strengthen rail passenger service in the

State, Empire Service and our Albany-Montreal train will not be cut. I submit that this same course of investment action should be taken by those states concerned about necessary Amtrak cuts in their regions.

The Section 403(b) program must be expended to accommodate those states that are willing to put up resources to continue services targeted for elimination and to provide an improved program for existing 403(b) states. At a minimum, the revised 403(b) program should provide for: Increased service management responsibility for the states with provisions to permit states to contract directly with the railroads to operate Amtrak services (Direct Contracting Procedures); A separate appropriation for the federal share of 403(b) operating losses to prevent competition for funding between basic system and state-sponsored trains; Revision of the existing 50–50 funding formula to an 80 (federal) 20 (state) ratio; Expansion of the definition of eligible service costs to include marketing and advertising; and consideration of state capital investments in intercity rail passenger service track, facilities and equipment as an eligible offset to the state share of the subsidy.

The most important part of this proposal is the Direct Contracting Procedure to permit a state to receive federal rail passenger subsidy funds and contract directly with a carrier to provide basic system services. In many cases, states are in a better position to negotiate with carriers, keep costs under control and resolve service problems to the benefit of all. The bottom line would be dramatically improved service at a lower cost to the taxpayer. Details of the proposed Direct Contracting Procedure are highlighted in the attached legislative outline. New York will not support any changes to the existing 403(b) program unless the Direct Contracting Procedure is adopted.

Thank you for this opportunity to comment.

LEGISLATIVE OUTLINE

DIRECT CONTRACTING PROCEDURE FOR RAIL PASSENGER SERVICE

Purpose: To permit a State to receive federal rail passenger subsidy funds and to contract directly with a carrier to provide service.

Legislative Outline

One, Congress would authorize a State to enter into agreement(s) with a carrier or carriers to provide rail passenger service (one or more trains), for any service desired by the State, whether provided now by Amtrak or not.

Two, upon making the election, the State would become the exclusive agent for the application of federal funds for the routes named by the State; competition by Amtrak would not be permitted on any route.

Three, Congress would authorize a "pass through" of the federal funds needed to subsidize the service(s) which the State would be contracting for, directly to the State.

Four, funding would be authorized for a period of three years, the amount being the same each year (no inflationary increases, etc. would be permitted).

Five, the State would be granted control (as by leasehold) of the equipment and facilities needed to provide the service(s).

Six, Amtrak would cooperate with the State in all other respects, particularly in providing reservations service, system schedule publications, scheduling connections, etc.

Seven, the State would be granted for administrative purposes a proportion of the sum appropriated to Amtrak for such purposes in the ratio of the amount received by the State for the service subsidy divided by the amounts received by Amtrak and all states participating for all subsidized passenger services.

Mr. HAGEN. Mr. Chairman, I am Bruce Hagen, public service commissioner for the State of North Dakota, representing our Commission and Governor Link of our State and state for the record our State legislature has a resolution supporting the retention of Amtrak service to our State.

I have my statement as well as a research paper on rail passenger transportation put together by the Upper Great Plains Transportation Institute at our State university, Fargo, N. Dak.

I would like to submit that paper for the record. To very quickly summarize, we realize that Amtrak has problems but unfortu-

nately it has never had the power and direction it needed in our opinion.

It hasn't had the authority to order the routes it desires from the railroads and lacks other powers as well.

Amtrak has seemed to have a board that didn't do much or care to make it work. I would agree with Amtrak this morning that railroads have lacked the capital to renovate their systems, rebuild their roadbeds, which Amtrak uses and we feel Congress should address that problem, too.

Part of my job is regulating railroads, among quite a few other responsibilities in our State.

There are many things in the Secretary's report which we heartily endorse. We particularly concur in its long-term commitment to the passenger train and its concern for controlling runaway costs which have plagued Amtrak.

We agree that new equipment and better, more reliable service is a key toward expanding passenger revenue.

Furthermore, we commend the DOT for realizing the major importance of the passenger train is to the intermediate points rather than end points on transcontinental runs.

In many cases, these cities receive competition from airline discount fares. The emphasis is in the right direction and we generally concur in the representations.

We agree that looking to the future of 150-mile-an-hour trains makes sense. It's a positive way to look at it.

We need Amtrak. We know the ridership hasn't been what it could be but there are reasons.

In 1978, of 92 weekly stops in North Dakota, 75 percent were made between midnight and 6 a.m.

People can't get to the depot during those hours. We need good surface transportation too, because of lower-income people and students.

We have severe weather in North Dakota. We have frequent airlines strikes. We need consistent and regular services to attract people.

Also we would like to see Amtrak look at Canadian service through Winnipeg. Specifically, we urge upon Congress the acceptance of the Department's acknowledgement that the Empire Builder is a particularly unique train. The social benefits of the train essentially outweigh the financial picture and urge its retention. Among the factors considered are the absence of air or bus service paralleling the route as well as no paralleling interstate highway.

This the northern-most Amtrak route is in the area of the Nation which receives severe winter storms.

Last summer, at hearings by the Rail Services Planning Organization along this route, hundreds of witnesses testified to the needs of their communities for the service, 40 percent of which would be without adequate alternative transportation.

New superliner equipment scheduled for introduction on this route should improve passenger comfort and timekeeping performance as well as ridership.

Generally, the route structure, many route adjustments should have been made some time ago. People out West have felt for some time the long-haul Amtrak train is often made the villain of the

piece and many of the fixed costs associated with the Northeast corridor were visited upon the losses assigned to all these trains.

We strenuously object to the Empire Builder being one of two trains slated for triweekly service.

Anything less than daily service is inadequate. Passengers along the route find it difficult to determine which days to ride the train. The report emphasizes daily operation of all routes, it's hard to ascertain why this was dropped.

The statement is that the long-haul train is needed. But it's precisely during the winter months they plan to run the Empire Builder on a triweekly basis.

We urge it be kept on a daily service. With regard to dropping the Hiawatha, we point out the report of the RSPO estimated little if any savings would be accomplished by the discontinuance since many prospective passengers would be lost as well as mail and express travel presently moving from Chicago to Seattle.

We urge modification of the report not only to provide for daily operation of the Empire Builder but to make provisions for passengers stranded by the discontinuance of the Hiawatha if it's discontinued.

A possible solution would be for Amtrak to contract with an intercity bus operator to provide service between Fargo, Bismarck, and Dickinson, connecting Amtrak at Fargo making stops currently made by the Hiawatha.

Such a transfer would provide feeder revenue to the system. I agree we need total national transportation services in this country and that will have to be done finally by Congress with the force of law.

President Carter is now asking for legislation to adopt a system of gas rationing with possible restrictions of sales of gas on weekends.

There is also in the Federal budget an 8 percent increase in the request for highway construction lifting it to $8.6 billion.

More money for roads when energy is scarce should raise serious questions for us. We import half our oil and cars use most of it.

Shifting more people to Amtrak makes sense. Not necessarily 3 times present ridership but perhaps 20 times or more.

Part of my job is siting energy plants and regulating energy rates to the consumer. There is absolutely no question that energy costs are dramatically increasing.

We may love our cars now and our passenger trains may be our reluctant suitors but our passion may grow quickly as trade deficits continue as more oil is required.

With modern equipment, good service, competitive fares and on-time performance, ridership will increase as gas goes up in price, and that increase could be dramatic.

I believe Amtrak needs the power to work with the railroads to get the routes and other services it needs.

I hope Amtrak will be given the muscle it needs to do the job the American public wants it to do and that is provide good rail passenger service to this country.

Thank you for the opportunity to testify.

[The statement and article referred to follow:]

STATEMENT OF BRUCE HAGEN

I am Bruce Hagen, Public Service Commissioner for the State of North Dakota. I am here representing the North Dakota Public Service Commission. We support retaining and improving Amtrak service to North Dakota.

North Dakota Governor Arthur A. Link supports retention of Amtrak service to North Dakota. The North Dakota Senate has passed a resolution supporting Amtrak service to North Dakota. That resolution is pending in the North Dakota House of Representatives, and is expected to be adopted.

These have been many problems with Amtrak during the 8 years of its existence. Unfortunately, it has never had the power and the direction it has needed. Amtrak relieved the Nation's railroads of providing passenger service. Unfortunately, Amtrak was saddled with slower trains, inadequate equipment and arbitrary changes in routes by railroads. In fact, some railroads have not allowed Amtrak to use the best routes. Amtrak has not had the authority it should have to be able to order the routes it desires from the railroads. It lacks other powers as well. And, Amtrak has seemed to have, at times, a Board of Directors that didn't do much or care to make it work.

There are many things in the Secretary's report which we heartily endorse. We particularly concur in its long-term commitment to the passenger train, and in its concern for controlling runaway costs which have plagued the Amtrak corporation. We agree that new equipment and better, more reliable service is the key toward expanding passenger revenue. Furthermore, we commend the Department of Transportation for realizing that the major importance of the passenger train is to the intermediate points, rather than the end-points of transcontinental runs. In many cases these are cities with inadequate air or bus service, where the most potential growth in passenger count will occur. These are also the cities which are least vulnerable to competition from airline discount fares. The emphasis of the Department's report is in the right direction, and we generally concur in its recommendations.

North Dakota needs Amtrak service. There are some obvious reasons why. It is a fact that the ridership has not been as high as it might become, but there are obvious reasons why this has occurred. According to information available in the summer of 1977, for example, 75 percent or 69 out of the 92 weekly stops made in North Dakota were made between midnight and 6 a.m. Many people find it difficult to get to the depot during those hours.

Good surface transportation is needed, especially for lower income people and students.

The severe weather which strikes North Dakota is another reason for Amtrak, as are the frequent and long airline strikes we have experienced, which have made other types of transportation more necessary. But service should be consistent and regular, with good schedules to attract passengers. Before Amtrak, North Dakota had daily passenger train service on both the north and south routes between Chicago and Seattle. That has changed. We now have much less service today. Amtrak also has not had an opportunity to develop possible connections to Winnipeg with the Canadian Rail System, which could open up new possibilities for passengers.

Specifically, we urge upon Congress the acceptance of the Department's acknowledgement that the Empire Builder is a particularly unique train. The Secretary reported that the social benefits of this train essentially outweighed its financial picture and urged its retention. Among the factors considered are the absence of through air or bus service paralleling this route, as well as no paralleling interstate highway. In addition, this is the northernmost Amtrak route and is the area of the Nation which receives severe winter storms, and thus needs all-weather transportation. Last year hearings by the Rail Services Planning Organization along this route drew hundreds of witnesses who testified to the needs of the communities for the service—40 percent of which would be without adequate alternative transportation. New "Superliner" equipment scheduled for introduction this year on this route should improve both passenger comfort and timekeeping performance, as well as ridership.

Generally, the route structure is well thought through for the revised system, with new service planned to connect Pittsburgh and Cleveland, Kansas City and Denver, and Denver, Las Vegas and Los Angeles. Many of these are route adjustments which should have been made some time ago. However, we cannot approve of slashing almost half the system to save less than a third of the costs. Especially since most of the cuts were made in the West and South, leaving the Northeast virtually unscathed. People in the West have felt for some time that the long-haul Amtrak train was being made the villain of the piece, and many of the fixed costs

associated with the Northeast Corridor were visited upon the losses assigned to long-haul Western trains.

We strenuously object to the Empire Builder's being one of only 2 trains slated for tri-weekly service. Anything less than a daily operation is inadequate service. Fixed costs associated with station maintenance go on whether or not the train runs that day. Passengers along the route find it difficult to determine which days the train operates. The Preliminary Report emphasizes daily operation of all routes, and it is hard to ascertain why this criterion was dropped. What is more, despite the Secretary's statement that the long-haul train is necessary for winter transportation to the Northwest, it is precisely during the winter months when he plans to operate the Empire Builder on a tri-weekly basis. We urge Congress to require Amtrak to operate at least daily service on all routes.

With regard to the dropping of the *North Coast Hiawatha,* the other train serving our state, we point to the report of the Rail Services Planning Organization, which estimated that little, if any, savings would be accomplished by the discontinuance, since many prospective passengers would be lost. Mail and express traffic presently moving by Chicago-Seattle trains could also be lost, as shippers and the Postal Service find themselves unable to adjust to a tri-weekly schedule.

We urge modification of the report, not only to provide for daily operation of the Empire Builder between Chicago and Seattle, but to make provisions for passengers stranded by the discontinuance of certain trains. A possible solution would be for Amtrak to contract with an intercity bus operator to provide dedicated service between Fargo, N.D., Bismarck and Dickinson, connecting with Amtrak at Fargo, and making stops currently made by the North Coast Hiawatha in North Dakota. Presently Amtrak and Greyhound depots in Fargo are adjacent. It would be very little effort to arrange for through ticketing, guaranteed connections, and through checking of baggage between these points. Such an intermodal transfer could provide needed feeder revenue to the Amtrak system.

It is ironic that cutbacks in the system come on the eve of the introduction of new equipment, which the taxpayers have already paid for, and which was intended to alleviate the problems which have plagued Amtrak service in this region. We urge that the new trains be given a chance to serve the people of the Northern Plains who have so patiently born the brunt of Amtrak's deficiencies in the past 8 years. Rather than effect necessary savings by cutting needed service, we urge that Congress investigate the basic institutional weakness of the Amtrak concept, which results in less than half of the Amtrak dollar going for the operation of trains.

Last of all, in this period of severe energy problems and shortages, the immense cost savings of moving people by rail versus the passenger car are obvious. One recent study pointed out that cars move about 13½ miles per gallon, an average of 1.4 persons ride per car, which equals about 19 passenger miles per gallon. The passenger miles per gallon of fuel by train for the same distance ranged up to 360 passengers.

We presently have a very crucial energy problem in this country. There is a shortage of oil. We continue to import increasing amounts of oil. Rail transportation is much more energy efficient than other modes of transportation.

Amtrak is a first, and somewhat beleaguered attempt to establish a modern, coordinated rail passenger system. No one can argue about the need for change, nor can anyone argue that Amtrak has been a total success. Unfortunately, we have bought a horse, and we are not willing to give it grain and hay to do its job. Amtrak has limited powers; yet, it is expected to give unlimited service.

I am totally convinced that a first class rail passenger system, operating on reasonable schedules, will attract increasing ridership in North Dakota, or anywhere else, for that matter, where it serves.

President Carter is now asking for legislation to adopt a system of gasoline rationing with possible restriction on sales of gasoline on weekends. There is also, in the federal budget, an 8 percent increase request in highway construction obligation, which would bring those obligations up to a level of about 8.6 billion dollars. Yet, all of us know, in spite of our love for the four-wheel horse called the automobile, that it is one of the worst energy wasters in the United States.

Transportation Secretary Brock Adams is trying to save 1.4 billion dollars with the revised Amtrak route system and other savings over the next five years. Mr. Adams has also asked for higher fares for Amtrak. I applaud his attempt to try to make Amtrak climb out of the red. However, the record does show that when Amtrak cut its own rates with a discount in the fall of 1978, its ridership rose. Although it may eventually be necessary to increase Amtrak fares, it is possible to increase ridership with lower fares, which will retain or improve revenues. Certainly the airline industry has vividly demonstrated this fact during the last year.

The chief carping critics of Amtrak maintain that people will not ride trains. I disagree! With modern equipment, good service, competitive fares and on-time performance, ridership will increase. As gasoline goes up in price the increase may be dramatic. Those same critics often maintain that trains are not energy efficient. Basing energy efficiency on very low ridership is one thing. But calculating energy efficiency on potential ridership is another. In fact, it might be an astronomical comparison.

I think Amtrak needs the power to be able to work with the railroads to get the route and other services it needs. I hope Amtrak will be given the muscle it needs to do the job the American public wants it to do, and that is to provide good rail passenger service to this country.

Thank you for the opportunity to testify.

CHAPTER 4.—Rail Passenger Service

I. THE PASSENGER TRAIN IN NORTH DAKOTA

This chapter deals with the adequacy of the State rail network for passenger service. This is not only essentail to the purposes of the 4–R Act, but is in line with a long history of railroad passenger operations within North Dakota which has continued to this day. Most of the larger towns and cities in the state have railroad passenger service, while some towns have no scheduled air service and are more dependent upon the rail mode than small towns elsewhere. Furthermore, the extreme nature of the winter weather in the state often means that the passenger train is the only method of access to population centers during storms and interruption of other transportation services.

Evaluation of lines used for passenger service is especially important now that the Department of Transportation has completed a classification of railroad lines throughout the nation as to branch-line or main-line status. Unfortunately, a single criterion of ton-miles was used, with little or no thought given to passenger service. If the recommendations of the Department were to be placed into action unchanged, at least one of our passenger routes would be reduced to branch line status and necessary funds for maintenance might not be forthcoming.

A. Legislative History. Originally, jurisdiction over passenger service within North Dakota was vested in the state Public Service Commission. The North Dakota Century Code had contained provisions requiring passenger service, or at least a mixed train, to be operated on every line of railroad within the state. The Public Service Commission enforced this law strictly and whole fleets of gas-electric cars were retained by the railroads to serve the granger branches which laced the Northern Prairie State.

The Interstate Commerce Commission did not interfere with state regulatory agencies in their handling of train-off cases until 1958. Up until that time, the Commission followed the "partial abandonment doctrine" which deferred to the states on questions of discontinuance of service, reserving jurisdiction to the Interstate Commerce Commission only in those cases where an entire line was abandoned.

This situation was changed by passage of the Transportation Act of 1958, which enacted Section 13a of the Interstate Commerce Act. Congress thought it was necessary to strengthen the financial health of the railroads by allowing the carriers, at their option, to have the ICC, rather than state commissions, pass upon discontinuance or change in the operation of any trains or ferries. Although the statute never mentions the word "passenger," application has been to passenger and mixed trains only. The only instance involving a freight train was a case wherein the North Dakota Public Service Commission denied a request for discontinuance of several mixed trains and a local freight by the Northern Pacific Railway. The ICC here stated that it had no jurisdiction, since the case had arisen before 1958.

The railroads took their cue, however, and interstate trains serving the state were discontinued under the provisions of Section 13a(1), while railroads operating intrastate trains could first seek approval of the North Dakota Public Service Commission. If that were not forthcoming, the carrier could appeal to the ICC for relief, while the public had no corresponding right to appeal. All the remaining branchline trains in North Dakota were discontinued by 1970, and only two railroads remained in the passenger business—the Northern Pacific and Great Northern. Both were merged into the Burlington Northern in 1970.

In 1970, the Rail Passenger Service Act was enacted. This law created the National Railroad Passenger Corporation (AMTRAK) to operate the majority of intercity trains in the nation. ICC jurisdiction over trains in the basic Amtrak system was suspended, although the corporation's first act was to cut the number of trains

operating in half. Presently, neither the ICC nor the North Dakota PSC has any authority over the discontinuance of Amtrak trains serving the state, although the ICC does have jurisdiction over standards of Amtrak service.

B. North Dakota Before Amtrak. On the eve of the passage of the Amtrak law in 1970, North Dakota was well served by passenger trains of the Burlington Northern. Four eastbound and four westbound trains crossed the state, bringing service to every sizeable community. In addition, a daily train connected Grand Forks with Winnipeg, connecting with the Western Star to and from St. Paul.

The Mainstreeter operated between St. Paul and Seattle, with through cars to Portland. In North Dakota, it stopped at Fargo, Casselton, Valley City, Jamestown, Steele, Bismarck, Mandan, Judson, New Salem, North Almont, Glen Ullin, Hebron, Richardton, Taylor, Gladstone, Dickinson, South Heart, Belfield, Madora, Sentinel Butte and Beach. These stops were all made during daylight hours. In the evening, an overnight train, the North Coast Limited, ran between Chicago, St. Paul, Portland, and Seattle with North Dakota stops at Fargo, Valley City, Jamestown, Bismarck, Mandan and Dickinson. This route is still operated by Amtrak's tri-weekly North Coast Hiawatha.

The Empire Builder operated via the Surrey cut-off through New Rockford. The train connected Chicago, St. Paul, Portland, and Seattle, with North Dakota stops at Wahpeton (actually located in Breckenridge, Minnesota), Fargo, Hannaford, New Rockford, Minot, and Williston. This route was discontinued by Amtrak and the Empire Builder operates today via Grand Forks.

The former Great Northern mainline was until 1971 traversed by the Western Star, connecting St. Paul; Portland, and Seattle with a daylight schedule through North Dakota. This train served the cities of Fargo, Hillsboro, Grand Forks (where connection was made for Winnipeg), Larimore, Michigan, Lakota, Devils Lake, Church's Ferry, Leeds, Rugby, Towner, Minot, Stanley, Tioga, and Williston. The Grand Forks-Winnipeg connection operated via Crookston and points in Minnesota, serving Pembina, N.D. through the station at Noyes, Minnesota. The train left Winnipeg at 6:45 a.m., and arrived at Grand Forks at 11:05 a.m. Returning, the equipment left Grand Forks at 4:00 p.m. and arrived in the Manitoba metropolis at 8:30 p.m.

No petition had been filed with either the ICC or the Canadian Transport Commission for discontinuance of the Winnipeg service. However, BN, by virtue of joining Amtrak, was relieved of responsibility for operating the U.S. portion of the train. The Canadian segment, which BN operated via trackage rights over the Canadian National, had not been designated a "passenger train service" by the CTC and thus did not require governmental approval for discontinuance. Nor was its continuance eligible for financial assistance under the National Transportation Act. On April 30, 1971, all Burlington Northern passenger service in North Dakota was discontinued.

C. The First Five Years of Amtrak, 1971–76. On May 1, 1971, Amtrak assumed responsibility for the operation of the only passenger train left in North Dakota: the Empire Builder. The remaining cities with passenger service were Wahpeton (Breckenridge), Fargo, Grand Forks, Devils Lake, Minot, and Williston. The train passed through all the involved communities at night. This was the result of a decision by Amtrak and the Department of Transportation to concentrate all Chicago-Seattle traffic on one train. The stop at St. Paul was abolished as well as the connections to Portland and Winnipeg. The latter line was dropped because of Secretary of Transportation Volpe's belief that the law did not authorize operations in foreign countries. Congress has since amended the Amtrak law to authorize operations to Canada and Mexico, but the Winnipeg route remains the one international route not restored by Amtrak, creating a 150-mile gap in an otherwise continuous rail journey of 5,500 miles between Churchill, Manitoba and Cutucu, El Salvador.

Jamestown, Bismarck, Mandan, and Dickinson gained Amtrak service on June 15, 1971. This additional service was largely due to congressional pressure from leaders such as Senator Mike Mansfield (D-Mont.). Irked by the passenger corporation's bypassing of Butte and Helena, he called the Senate in extraordinary session on April 30, 1971, stating his opinion that "whoever drew up this Rube Goldberg plan was not taking into consideration the needs of the country." The result of this criticism was the establishment of the North Coast Hiawatha connecting Chicago and Seattle via the former Northern Pacific route.

At first the Hiawatha was run as a separate section of the Builder between Minneapolis and Spokane. The trains ran at the Mill City for the next 1400 miles. The two trains passed through Fargo less than an hour apart in either direction. Later, in November 1971, the trains operated separately between Chicago and Spokane. Since they were combined on the Spokane-Seattle segment, the trains had

to operate four hours apart, an arrangement which persisted until 1977 although the trains have operated as completely separate entities between Chicago and Seattle since the summer of 1973. This would appear to be an example of the great appeal traditional operation has to the railroads, even if the rationale for a particular schedule has disappeared.

The Hiawatha originally operated as a tri-weekly train, westbound operating through North Dakota before dawn on Tuesdays, Thursdays and Sundays, and eastbound in the wee hours of Wednesdays, Fridays, and Sundays. At various times several Amtrak trains were intituted as tri-weekly operations, such as Seattle-Los Angeles, Denver-Oakland, St. Louis-Laredo, and New Orleans-Los Angeles. Some of these routes have since been upgraded to daily operation. The Hiawatha is unique inasmuch as it has been increased to daily operation and then cut back during the colder months, when rail transportation becomes a necessity for the more isolated portions of the state such as Dickinson and Valley City, which have no air service. At present, the North Coast Hiawatha operates only on a tri-weekly schedule. Professor Ronald Sheck of New Mexico State University claims that a tri-weekly schedule is next to useless. Not only is it difficult to remember when the train runs, but it is economically wasteful. Station crews and ticket agents are paid a regular salary, and it is impossible to sustain these fixed costs when the train only operates three times a week. Similarly, effective utilization is difficult under triweekly operating conditions. It is hard to drum up patronage or reliance on the train when four days a week a community such as Bismarck is without service.

During the past four years, new stops have been instituted. The Empire Builder now stops at Rugby and Stanley, and the Hiawatha has added a stop at Valley City. The latter station has been a cause celebre because of Amtrak's failure to man the station and the fact that service was cut back to tri-weekly the week after the Valley City stop was commenced. Patronage at Stanley has been surprisingly good. Valley City patronage has been disappointing, because of the unmanned station and the inconvenient hours at which the trains stop.

Although Amtrak has been in business for over seven years, it is still paying the Burlington Northern a cost-plus contract for the operation of its trains. The engineers, conductors, and trainmen are all BN employees; Amtrak has recently taken charge of the station forces and the dining room crews. This makes for ineffective supervision and conflicts of interest, as well as making it difficult to control costs.

Patronage on Amtrak trains generally has been good, with the peak occurring with the fuel shortages of 1973–74. North Dakota patronage has been encouraging, even though the Hiawatha's ridership has fluctuated. (It rose 20 percent from summer 1973 to summer 1974, and then declined 20 percent between 1974 and 1975). The Empire Builder was for some time the long-haul train on the system which has come the closest to showing a profit. The train is often sold out for weeks on end, especially during the summer and holiday peak travel periods. North Dakotans have always enjoyed travel by train, but now, with cutbacks in air service and the bypassing of small communities by buses using the Interstate highway system, many passengers, especially those without cars, have no alternative.

The route of the Empire Builder is one of the few Amtrak routes not parallelled by an Interstate highway. Furthermore, there is no bus service from Grand Forks to points further west than Minot. (A connection to Williston is possible with an overnight stop in the Magic City). Air service is available from Grand Forks to Minot and Devils Lake; passengers for points further west must fly east to Minneapolis and then change planes. The Empire Builder provides the only late night departure from Grand Forks and Fargo with an arrival in Minneapolis in time for a full business day. Rugby and Stanley have no scheduled air service, and are thus heavy users of Amtrak service.

Patronage is lighter along the route of the Hiawatha, due primarily to inconvenient schedules and tri-weekly operation, as well as competition on the East-West route from Greyhound buses. Northwest Air Lines and North Central Airlines also serve this route. Valley City, Mandan, and Dickinson have no scheduled air service and Jamestown has only one departure in each direction daily. Passenger loads on the North Dakota lines are expected to increase, especially if the Canadian government perseveres in its plan to phase out petroleum deliveries to the Upper Northwest.

Amtrak's timetable reliability increased with the signing of an "incentive contract" with the Burlington Northern in 1975, providing for increased payments for on-time performance and penalties for substandard performance. The contract proved to be overly generous to the host railroad, and was modified in 1977.

The passenger carrier started out with second-hand equipment in 1971. Since 1973, trains have been hauled by General Motors SDP40F diesels, which originally

enhanced train timekeeping performance. In 1976, these locomotives were suspected to be derailment prone and were restricted in speed on BN, until retired in late 1977. Timetables were then lengthened to reflect the slower speeds. Passenger cars utilized in North Dakota are the same 25-year old veterans handed down from the railroads in 1971. Some of the better older cars were switched to East Coast runs at the inception of Amtrak service, and new equipment is not expected to reach North Dakota until 1979.

Equipment shortages still vex Amtrak in dealing with peak travel, especially now that there is a conversion underway from steam-heated to electrically-heated equipment. Although no one expects Amtrak to maintain a surfeit of equipment to deal with passengers grounded by airline strikes or bad weather, a reasonable amount of cars should be held in reserve for known periods of travel increase.

An example of deterioration in car availability is the Budd "Slumbercoach," a popular double-deck sleeping car with small rooms, suitable for budget travel. Originally assigned to the Empire Builder throughout the year, it was later sent to New York-Florida trains during the winter months, and now it has disappeared from the trains' consist altogether, despite service standards of the ICC requiring a budget sleeper to be included in long distance trains. The main attraction of the Slumbercoach was high capacity—a room for the night was rented at coach fare plus $7. Now North Dakotans must pay high first-class fares or sit up all night in the coach, since there is no day train service provided.

In December of 1975, the Upper Great Plains Transportation Institute published a report on Amtrak service in the state and made several specific recommendations for improvements in service. Although Amtrak has expressed interest in following up on these proposals, particularly in the area of new equipment, progress has been very slow in this part of the system. In a latter section, we shall outline our recommendations for making the Amtrak system serve our people better.

D. The winter of 1977 and its aftermath. North Dakota was not unique in experiencing a brutal winter in early 1977. Hardly any area of the United States was unaffected. The weather wreaked havoc with the nation's railroads and called into doubt whether or not the passenger train could function as a reliable all-weather mode of transport. At least, North Dakota's trains kept running, while lines elsewhere in the Amtrak system were annulled during January and February. Other trains lost sleeping cars and other amenities which were slow to be restored. Such services have been resumed on North Dakota trains. Severe as the winter was, the weather only served to amplify Amtrak's main reliability problems: locomotives, cars and track.

1. Locomotive unreliability

Between 1973 and 1978, most long-haul Amtrak trains have been hauled by diesel-electric locomotives built by General Motors, model SDP-40F. Although these engines were constructed to order for Amtrak, the six-motor units are basically a modification of the SD-40 freight locomotive. The reason for this order was that Roger Lewis, at that time Amtrak president, did not know whether the passenger system would survive for more than a few years and the SDP-40F's could always be sold to other carriers for freight service.

Not more than a year had passed before disturbing reports came to the surface about these engines. The Brotherhood of Locomotive Engineers requested that the Federal Railroad Administration conduct stability tests of these locomotives, which the engineers claimed tended to oscillate on curves. The test results were inconclusive. But the big engines began to be involved in a series of freak accidents, although bad trackage and deferred maintenance might have been to blame. Finally, in December of 1976, the Burlington Northern banned these Amtrak locomotives from operating on its lines, and BN freight diesels with steam generator cars began operating on the trains through the Peace Garden State.

The Burlington Northern operates more long-distance Amtrak lines than any other railroad. Despite the ban, Amtrak continued to operate its Chicago-Seattle trains but the schedule suffered, with eight hours late being not uncommon. The passenger carrier had already junked most of the E units acquired from the railroads in 1971, which were replaced by the ill-fated SDP-40F's. Newer diesels were not interchangeable with the steam-heated cars used in North Dakota. Finally, the Burlington Northern relented but restricted the offending diesels to 40 mph on curves, thus reducing average speeds below the 55 mph attainable on the highways. Amtrak, seeing the handwriting on the wall, has sent the troublesome units back to General Motors for trade-ins on lighter power. In the meantime, locomotive shortages continued as did the speed restrictions.

2. Car failures

Prior to 1971, the Burlington Northern operated fairly modern and attractive cars in its trains. Such features as the "Lounge in the Sky" and the "Lewis and Clark Travelers' Rest" disappeared after Amtrak operation began. In many cases, the newest cars were removed from BN lines and used to supplant the rolling tenements of the Penn Central and other eastern roads.

Due to management failure, new equipment was not ordered by Amtrak, and for the first three years, the corporation contined to use old railroad cars in its service. The average age of the cars on the trains serving North Dakota is over 25 years.

It is interesting to note that twenty years after steam locomotives were retired from passenger service, the bulk of Amtrak's long-distance passenger cars require steam for heating. Not only is this system cumbersome and unreliable, but it requires diesel locomotives hauling passenger trains to be equipped with a steam generator or else a car equipped with such a generator must be handled behind the engine. Steam lines tend to freeze up during extremely cold winters, which renders the heating system useless. This happened throughout the Amtrak system during the blizzards of 1977, but especially in Chicago, where Amtrak's largest coach yard flooded due to broken water mains. Hundreds of cars were frozen solid, and trains of deadhead coaches were moved to such terminals as New Orleans to thaw out. The problem of car availability drastically shortened the Chicago-Seattle trains which serve our state.

It is ironic that progress made by Amtrak in alleviating this steam-heating problem also aggravated the short-term problem of protecting the winter timetable. Beginning in 1976, Amtrak began accepting delivery of new electrically heated "Amfleet" cars. Based on the proven Metroliner design, these cars have no steam lines and are thus not as susceptible to freezing weather. They have since replaced virtually all daytime service east of Chicago and are used on short-haul runs in the west as well. Most of the Amfleet are coaches and no sleepers or dome cars have been produced. They are incompatible with conventional steam-heated cars and require new locomotives with head end power for operating the cars' electrical system. Thus, the new cars could not fill in the consists of long-haul trains and the old cars which were compatible had been retired to make way for the Amfleet. Catch-22 seems to apply here. As a result, some long-haul trains like the Panama Limited from Chicago to New Orleans were equipped with Amfleet cars. It took more than a year for a compatible sleeping car to be adopted for these trains. Fortunately, enough operable steam-heated cars were found to protect the Chicago-Seattle schedules, although the trains operated light and late throughout the cold season. New electrically-heated double-deck cars are on order, and the Empire Builder is presently slated to be the first train to be so equipped. In a 1977 interview with our staff, Burlington Northern president Norman Lorentzen said that no work had been done in preparing Amtrak's steam-heated cars for the winter of 1977–78. Another equipment shortage resulted. In December 1977, the Empire Builder was given new, lighter F40 engines. Designed for use with Amfleet, the new locomotive had no steam generator and boiler cars had to be borrowed from Burlington Northern. A strike has held up delivery of the Superliner cars, and no solution to this equipment problem is presently in sight.

3. Track maintenance problems

Except in the Northeast Corridor, Amtrak does not have title to its own railroad, and thus is dependent upon the track conditions of its host carriers. In 1976, the Milwaukee Road placed slow orders throughout its Chicago-Minneapolis main line. This had the effect of increasing the time on the 421-mile run from less than 8 to 10½ hours: the slowest running time since the Great Depression! In addition to the other indignities of the winter, this lengthening of running time made a mockery of the Amtrak timetable and rendered all connections in Chicago inoperative.

Although the Soo Line, Chicago & North Western and Burlington Northern also maintain track between Chicago and the Twin Cities, Amtrak elected to continue on the double-track Milwaukee Road. Burlington Northern passenger trains operated on their own lines all the way to the Windy City prior to 1971, and the track still sees a lot of high-speed freights. But Amtrak apparently did not wish to change horses in mid-stream and miss the patronage to and from the city of Milwaukee. The Milwaukee Road has since made application for a Federal loan to finance track rehabilitation under the 4–R Act, and intends to retain the passenger service plus the lion's share of the freight traffic.

4. Schedule revisions

On May 1, 1977, Amtrak released its new national timetable. It contained few surprises, since most of the schedule changes were based on Amtrak's inability to

run trains within the confines of previous timetables. Although the weather had improved, the problems of the SDP-40F's, the old cars, and the slow orders still plagued the National Railroad Passenger Corporation and its operating railroads.

A slower schedule was issued for both the Empire Builder and the North Coast Hiawatha while these problems are being worked out. Paradoxically, the slow timing provided better service for some North Dakota passengers, because the trains now serve communities within our state at more civilized hours. Compare the 1976 and 1977 schedules between Chicago and Minot:

	1976	1977		1976	1977
Lv. Chicago	2:30 p.m.	1:40 p.m.	Lv. Minot	7:30 p.m.	6:51 p.m.
Lv. Mpls.	10:45 p.m.	12:45 a.m.	Lv. G. Fks.	11:40 p.m.	10:45 p.m.
Due Fargo	3:40 a.m.	5:20 a.m.	Lv. Fargo	1:30 a.m.	12:29 a.m.
Due G. Fks.	5:05 a.m.	6:57 a.m.	Due Mpls.	6:30 a.m.	6:25 a.m.
Due Minot	9:20 a.m.	11:05 a.m.	Due Chicago	2:50 p.m.	5:15 p.m.

The lengthening of the schedules had little effect on intrastate travel times because of the lack of curves on the two BN main lines. Thus, the SDP-40F's did not have to slow down as often in North Dakota as in other states. A sleeper was set off eastbound and picked up westbound in Minneapolis, which could be occupied early in the evening and vacated later in the morning. The April 1977 schedule missed most connections in Chicago and Seattle, causing many passengers to remain overnight in those cities.

On September 8, 1977, a radical change occurred in the scheduling of Amtrak trains throughout the country. The failure of Congress to accede to Amtrak's request for additional operating subsidies resulted in nation-wide cutbacks of service. Chicago-Seattle trains were victims of the retrenchment. Henceforth, the Hiawatha would operate on Tuesdays, Thursdays and Sundays westbound and Tuesdays, Thursdays and Saturdays eastbound. The Empire Builder was to run through North Dakota westbound on Mondays, Wednesdays, Fridays and Saturdays and eastbound on Mondays, Wednesdays, Fridays and Sundays.

The announced reasons for the partial discontinuance of service were operating savings and decreasing patronage. With respect to the first criterion, it is difficult to see how substantial savings can be made as long as certain fixed costs, such as stations, continue to be an Amtrak expense no matter how often the train runs. Furthermore, cutting of service makes it less attractive to passengers, who may switch to other modes. In addition, the Empire Builder received certain revenues from the carriage of mail and package express. Shippers cannot be expected to tailor their output to a four-day week. As a result, mail service (except between Chicago and Fargo) was removed from the trains. The planned savings failed to materialize. The Transporation Institute does not believe that the fall-off in patronage during early 1977 was representative of North Dakota travel habits. Rather, decreased patronage was a result of the operating and other difficulties faced by Amtrak during the severe winter, when train service ceased to a be a reliable alternative for passengers.

It appears that Amtrak's decision to reduce service may have been motivated by other factors. Asking for a supplemental appropriation may have been impolitic at the time. Renegotiating the cost-plus incentive contracts with the railroads, with their heavy labor and overhead costs, may not have seemed a reasonable alternative. Eliminating a money-losing route or two may have been politically impossible and would have required extensive hearings on Amtrak's part. Thus, a paring down of service frequency, which required no regulatory approval, may have seemed the path of least resistance for Amtrak.

The September 8 timetable provided for a single schedule for the Empire Builder and North Coast Hiawatha between Chicago and Minneapolis. Four days a week the train operated via the former Great Northern to Seattle, and three days a week via the former Northern Pacific route. Fargo is now the only city in North Dakota which receives daily passenger railroad service. The result of the changes was that for the first time in 95 years, Grand Forks and Minot received less than daily passenger service. But there was a bright side as well; Bismarck and other stations on the former Northern Pacific line enjoyed daytime service, instead of the middle-of-the-night schedules imposed by Amtrak since its inception. Since 1975, the Upper Great Plains Transportation Institute had pressed for daylight service on the southern

route, stating that it was ridiculous to expect anyone who had any choice to board a train that left Bismarck three times a week at 3 o'clock in the morning.

A further change in scheduling occurred with the change of time on October 30, 1977. Both the Builder and the Hiawatha became daylight trains between North Dakota and Minneapolis, running overnight between Minneapolis and Chicago. Besides providing the first Twin Cities-Chicago overnight service since the demise of the Pioneer Limited in the late 1960's, it also provides convenient morning or afternoon arrivals and departures at all North Dakota stations. There are some drawbacks, such as the impossibility of making one-day round trips between Grand Forks and Minot. The revised schedule provided for better connections with trains to and from the East and South at Chicago.

Elimination of the SDP–40F locomotives from the route and improvements in Milwaukee Road track have speeded up the trains' schedules somewhat. Amtrak still plans to introduce the new Superliner long-distance cars to both North Dakota routes when the new cars arrive on the property early in 1979, if then.

Amtrak's financial problems did not disappear, but it began to look as if the long-haul train was being made the scapegoat for the passenger corporation's failure to control costs in the Amtrak-owned Northeast corridor and several money-losing runs in the East and South. Although the fall 1977 timetable indicated many other cutbacks nationwide, a supplemental appropriation restored all of the October 30 reductions. The only routes to have reduced service are the two Chicago-Seattle routes through North Dakota. While Amtrak, the Department of Transportation and Congress talk of cutbacks, our region is the only part of the country to actually experience reductions in Amrak service.

With the change to Daylight Saving Time on April 30, 1978, Amtrak schedules were once again changed, this time to a schedule which provided only night-time service through North Dakota. The Upper Great Plains Transportation Institute protested this schedule change as premature, in view of the fact that Congrss has not yet received, much less acted upon, the DOT survey of Amtrak's needs. Furthermore, Paul Reistrup, president of Amtrak, had decided to resign his position and his successor, Alan Boyd, had not yet been appointed.

Despite this protest, Amtrak placed the new schedules in effect, saying that it wanted a daylight service between Chicago and Minneapolis, daytime arrival at national parks en route, and better connections at Seattle. However, the new trains miss all connections to and from the South and East at Chicago, where most connections traditionally have taken place. The pattern of scheduling on Amtrak trains has been arbitrarily changed so much as to disrupt and confuse would-be passengers. Much revenue has been lost since the average passenger now has no idea what days the trains run, and whether it is a nighttime or a daytime arrival. It appears the Chicago-Seattle run has been a guinea pig for the Amtrak scheduling department.

The current Amtrak schedules are as follows:

WESTBOUND

	EMPIRE BUILDER	NORTH COAST HIAWATHA
Lv. Chicago	11:30 am Sun, Tue, Thu, Fri	11:30 am Mon, Wed, Sat
Lv. Mpls-St. P.	8:45 pm Sun, Tue, Thr, Fri	8:45 pm Mon, Wed, Sat
Lv. Fargo	1:32 am Mon, Wed, Fri, Sat	1:22 am Tue, Thu, Sun
Lv. Grand Forks	3:05 am Mon, Wed, Fri, Sat	----------
Lv. Devils Lake	4:39 am Mon, Wed, Fri, Sat	----------
Lv. Rugby	5:45 am Mon, Wed, Fri, Sat	----------
Lv. Minot	7:09 am Mon, Wed, Fri, Sat	----------
Lv. Stanley	8:01 am Mon, Wed, Fri, Sat	----------
Lv. Williston	9:10 am Mon, Wed, Fri, Sat	----------
Lv. Valley City	----------	2:25 am Tue, Thu, Sat
Lv. Jamestown	----------	3:01 am Tue, Thu, Sat
Lv. Bismarck	----------	4:30 am Tue, Thu, Sat
Lv. Mandan	----------	4:50 am Tue, Thu, Sat
Lv. Dickinson	----------	5:39 am Tue, Thu, Sat
Arr. Seattle	10:10 am Tue, Thu, Sat, Sun	8:30 am Wed, Fri, Mon

EASTBOUND

Lv. Seattle	7:30 pm Sun, Tue, Thu, Sat	8:35 pm Mon, Wed, Fri
Lv. Dickinson	----------	12:23 am Wed, Fri, Sun
Lv. Mandan	----------	3:35 am Wed, Fri, Sun
Lv. Bismarck	----------	3:48 am Wed, Fri, Sun
Lv. Jamestown	----------	5:32 am Wed, Fri, Sun
Lv. Valley City	----------	6:10 am Wed, Fri, Sun
Lv. Williston	10:50 pm Mon, Wed, Fri, Sun	----------
Lv. Stanley	11:55 pm Mon, Wed, Fri, Sun	----------
Lv. Minot	1:00 am Tue, Thu, Sat, Mon	----------
Lv. Rugby	2:14 am Tue, Thu, Sat, Mon	----------
Lv. Devils Lake	3:21 am Tue, Thu, Sat, Mon	----------
Lv. Grand Forks	5:05 am Tue, Thu, Sat, Mon	----------
Lv. Fargo	6:55 am Tue, Thu, Sat, Mon	7:35 am Wed, Fri, Sun
Lv. Mpls-St. P.	12:15 pm Tue, Thu, Sat, Mon	12:15 pm Wed, Fri, Sun
Arr. Chicago	10:15 pm Tue, Thu, Sat, Mon	10:15 pm Wed, Fri, Sun

E. The Transporation Department 1978 Amtrak Report. In response to a Congressional mandate, Secretary of Transportation Brock Adams reported to Congress on May 8, 1978, concerning the future of Amtrak. Secretary Adams recommended that Amtrak's passenger rail network be reduced by 30 percent to avoid impending billion-dollar-a-year deficits. The recommendation, which is not binding, will be the subject of congressional and public hearing. No final decision will be made effective before May 1, 1980.

The Secretary recommended increasing service to daily frequency on the route of the North Coast Hiawatha, Chicago-Seattle. He also recommended the addition of Washington, D.C.—New Orleans service presently operated by the Southern Railway, and addition of service over the Santa Fe Railway between LaJunta, Colorado and Denver, and between Barstow, California and Oakland. Both these routes would connect with the Southwest Limited, now operated over the Santa Fe between Chicago and Los Angeles. A Spokane-Portland connection was also proposed.

The Transportation Department recommended discontinuance of the Empire Builder route between Chicago and Seattle, as well as the following trains operating elsewhere in the country: (1) The San Francisco Zephyr (Chicago-Oakland); (2) The Pioneer (Salt Lake City-Seattle); (3) The Inter-American (Chicago-Laredo); (4) The Floridian (Chicago-Miami/St. Petersburg); (5) The National Limited (Harrisburg-Washington section only); (6) The Shenandoah (Washington-Cincinnati); and (7) The Hilltopper (Washington-Catlettsburg).

It must be stressed that this is but the latest of many proposals. Threats to cut back the national network have occurred since 1972, but the only abandonments of Amtrak service to date have been on short connecting runs or reroutings due to track conditions. The only actual reduction in frequency has been the cutback of the Empire Builder and North Coast Hiawatha to less-than-daily frequency in 1977.

Nevertheless, the report of the Secretary is ominous, since it would deprive the states of Nevada, Utah, Wyoming, Nebraska and Arkansas of all Amtrak service, and thus lessen popular support for the system. In addition, it singles out the long-

haul train as the villain of the piece. This is in line with the popular mythology that the Northeast corridor operates self-sustaining trains. In fact, two percent of Amtrak's route-miles (the Boston-Washington corridor) is responsible for 27% of its deficit. It appears that long-haul trains are being cost-accounted to death with allocated expenses which bear no relation to their actual operation. Amtrak's deficit would be reduced from $545 million, to only $411 million if all long-haul trains were discontinued. It seems that Amtrak, which owns the Northeast Corridor outright, is trying to make its deficits there more politically palatable by spreading its losses over miles of Western tracks. This is especially significant in view of the fact that in 1973 a previous Amtrak administration had cited the Empire Builder as the second most patronized train in the country and as covering its expenses and a bit more.

With regard to North Dakota, the Secretary's report acknowledges our need for rail service in his designation of North Dakota as the route through which future Chicago-Seattle trains should operate as opposed to the more circuitous Union Pacific route through Ogden and Boise. We also applaud his realization that daily service, rather than tri-weekly, should be provided through the state to Portland.

North Dakotans believe that the traffic justifies maintenance of service on both routes, at least between Fargo and Spokane. The State disagrees strongly with the Transportation Department's rejection of the Empire Builder route and suggests that the Department made the wrong decision, for the following reasons:

(1). The Empire Builder currently and historically has had more patronage than the North Coast Hiawatha and its predecessors.

(2). The Empire Builder serves cities in North Dakota with greater population than does the Hiawatha. Minot has traditionally been one of the best cities for patronage on the Chicago-Seattle route.

(3). Transportation alternatives are better on the North Coast Hiawatha route. Fargo, Bismarck, and Dickinson are linked with Billings and points west by several Greyhound buses per day while Northwest Airlines flies between Fargo, Jamestown, Bismarck and the west. In May 1978, North Central Airlines was certified to fly between Chicago, Minneapolis, Fargo and Bismarck. In contrast, there is no air or bus service direct from Grand Forks and Minot to the west coast.

(4). The route of the Empire Builder is one of the few, if not the only Amtrak route not to be paralleled by an Interstate highway.

At this writing, it is not certain whether or not the Empire Builder route will be saved. The Transportation Institute proposes an intermodal solution to the problem. One Chicago-Seattle through train would operate connecting Fargo, Grand Forks, Minot and Williston. Express buses, with through ticketing and checking of baggage, would leave from trainside at Fargo and run through to Bismarck. A similar service would meet the train at Grand Forks and run straight to Winnipeg, thus fulfilling one of the proposals of the Amtrak 5-year plan and allowing connections between Amtrak and Via Rail Canada trains in Winnipeg. Such a proposal would provide some type of service to most North Dakota communities, and would require no additional regulatory approval, since Greyhound Lines already holds authority to operate along these routes.

II. EVALUATION OF AMTRAK SERVICE

North Dakota now has had over seven years of experience with Amtrak operations. There are no short line or commuter railroads operating in the state. Despite Amtrak's promises to make the trains worth traveling again, there are few visible signs of progress since the Amtrak takeover in May of 1971. However, the downward trend in passenger ridership and operations has been halted, and we have been promised new equipment within the next year. The drift of the last few years could have been avoided by better management decisions, but it appears that one more winter of makeshift operations is in store for us.

The staff of the Upper Great Plains Transportation Institute has conducted a follow-up to its 1975 study of Amtrak operations within the state. The purpose of this section is to report on the adequacy of Amtrak facilities, equipment, and service within North Dakota.

A. Track conditions. Presently operations are conducted over mainline trackage only: the former Great Northern main (route of the Empire Builder) and the former Northern Pacific main (route of the North Coast Hiawatha). Track conditions are generally good, although the ride gets somewhat rough in stretches, possibly due to the pounding the track gets from heavy coal trains.

The Department of Transportation has conducted a classification and evaluation of railroad routes, in accordance with the requirements of the 4-R Act. Classified as "A" or "B" mainlines were the entire route of the North Coast Hiawatha and the Empire Builder route between Fargo and Grand Forks and between Minot and

Williston. Alternative routes, such as the Surrey cut-off (used by passenger trains until 1971) and the Milwaukee mainline through Bowman (used by passenger trains until the mid-1960's) were also granted mainline status. The Surrey cut-off is occassionally used as a detour route by the Empire Builder.

However, the Department of Transportation did not see fit to classify the track between Grand Forks and Minot as mainline, and instead labelled it as a class "A" branchline. We have received no explanation why this was done, except that the Department operated on a strict gross ton-miles criterion, without considering other uses of the line, contribution to through traffic, profitability or passenger operations. Burlington Northern spokesmen assured the Institute's staff that the railroad considers the Grand Forks-Minot line to be a main line and has operated and maintained it as such. However, the Department's stand may make it difficult for the Burlington Northern or for Amtrak to obtain needed loans for maintenance in the future. Branchline standards of maintenance bring to mind a weed-covered single track with a speed limit of 10 to 20 mph. Under such conditions, through train operation would become virtually impossible and trains would have to be routed instead over the Surrey cut-off, leaving Grand Forks and Devils Lake without passenger service. With the Air Force Base and the University of North Dakota located there, Grand Forks is a heavy origin and destination of passengers. This is one reason why the Secretary of Transportation designated Grand Forks as part of the Empire Builder route in 1971. We strongly recommend that the entire Grand Forks-Minot route be redesignated at least to Mainline "B" status, so that the existing passenger service as well as freight operations may be continued.

One line which warrants looking into for possible passenger use is the former Northern Pacific line between Grand Forks and Pembina via Grafton. If service to Winnipeg is ever restored, which would be a possible route for Amtrak trains. Presently it is classified as a class "B" branchline and has been slated by the railroad as a potential candidate for abandonment. It may be in the interest of this state to see that this line is preserved.

B. Rolling stock. In an earlier section, we dealt with the problems accompanying the changeover from steam-heated to electrically-heated equipment and the reliability problems of the SDP-40F locomotives. Presumably, these problems will disappear with the installation of new equipment. Largely because of the severe weather encountered on the northern routes, Amtrak's management has decided that the first new long-distance cars received by the corporation will go to the Empire Builder, and that the North Coast Hiawatha will receive the next batch. Whether these new cars will actually go into serice on these lines by 1979 remains to be seen. The 1977 schedule cutbacks were supposed to make it easier for Amtrak to replace the trains with new equipment.

Present rolling stock leaves much to be desired. The F40 locomotives must have auxiliary steam boiler cars. The old cars used on these trains have been cosmetically refurbished but the ancient steam heating systems and mechanical air conditioning units are unreliable and passengers still freeze in winter and roast in summer. Air conditioning failures are more of a problem in America than in other countries, since our windows are hermetically sealed and cannot be opened to admit fresh air. Equipment shortages mean that the one train a day is often sold out, and such budget accommodations as Slumbercoaches have been removed and transferred to Eastern runs.

Such conditions may be expected to reoccur until the changeover to new equipment is complete. However, service on the Empire Builder is generally better than on many other Amtrak trains, including such once-famous names as the Broadway Limited and Panama Limited. Replacement of conventional trains by Amfleet equipment should release additional cars which could be used to supplement the consists of North Dakota's trains until new cars are available. A recent visit to Winnipeg confirms earlier reports that the Canadian National and Canadian Pacific Railways have a few surplus coaches stored there, which could be leased on a short-term basis as well as for immediate implementation of a Winnipeg-Grand Forks shuttle until new cars are available. Consolidation of Canadian passenger service under the VIA scheme should release a few more cars for Amtrak use.

New passenger cars ordered by Amtrak fall into four categories.

1. *Rohr Turboliners.*—These are self-contained turbine-powered trains which are an adaptation of a French design. They require no locomotives or switching facilities. Currently they are used in New York-Buffalo service as well as on some routes radiating from Chicago. Designed for short-haul quick-turnaround service, they have no sleeping facilities and would not be well adapted to long-distance routes such as ours. A further complication is that the Rohr Company has decided to get out of the passenger-car building business, which means the existing Turboliners may become

orphans on the Amtrak system. Since they have fixed consists, the Turboliners cannot meet peak traffic demands.

2. *Amfleet.*—These curved-side lightweight cars come in four configurations: Amcoach, Amcafe, Amdinette and Amclub. The latter is an extra-fare variant of the traditional parlor car, while the Amcafe and Amdinette are light-food facilities. Essentially, Amfleet cars are non-motored versions of the popular Metroliner design. Like the Turboliners, they were designed for short-haul service such as the Boston-Washington run. They began arrriving on the property in 1975, when the new Amtrak management found to its dismay that there was no plan as to where to run the cars or what to haul them with. Meanwhile, the cars were being delivered at the rate of one a day. Now, the Amfleet protects virtually all schedules on the Northeast corridor and on many other day coach trains as well. Since the car shortage of last Winter, the Amfleet has also covered such long-haul schedules as New York-Savannah, Boston-Newport News, Chicago-Washington, Chicago-New Orleans and Salt Lake City-Seattle. Such usage is technically in violation of Transportation Department regulations, which require overnight trains to carry sleeping cars. The Amfleet does not come in an overnight version. However, existing sleepers can be converted to electric power, so as to be compatible with Amfleet cars.

In the past year, there has been a surplus of Amfleet and a shortage of head-end-power-equipped locomotives to haul it. This problem is somewhat alleviated now that the Amfleet itself is experiencing heavy bad-order rations.

3. *Overnight Low-Clearance Cars.*—Trains operating into New York, Philadelphia, Washington and other eastern terminals with restricted clearances cannot utilize vistadomes or doubledeck cars. Thus, trains operating between the Midwest and these eastern cities still operate with older steam-heated equipment.

Amtrak had hoped to replace these old cars with new electrically-heated cars including luxury coaches, dining cars, and sleepers. Although the company has designed a new fleet of overnight cars, budget funds for these replacements were not forthcoming, and the question of new single-deck cars is now in doubt. The corporation may convert existing equipment instead.

4. *Superliners.*—To protect schedules on the transcontinental runs, Amtrak hopes to re-equip these trains with luxurious electrically-heated double-deck "Superliner" cars. The design of these coaches, sleepers, lounges and diners is based on cars used successfully for the last twenty years on the Santa Fe Railway. The cars would be boarded at the lower level, which would otherwise be used for baggage, kitchen facilities, service bars and other non-revenue areas. The upper levels would be joined so that one could walk throughout the train without going down stairs. The problem of steam-line failure or freeze-ups would be theoretically eliminated. The Chicago-Seattle run is scheduled to have the first train to be so equipped, although current thinking is for them to run Chicago-Minneapolis only on a trial basis, until the inevitable bugs are worked out.

Some of the double-deck sleepers are arranged as budget sleeping cars, which will sell at a rate near that of the Slumbercoach. As attractive as the new cars seem to be, there are a few drawbacks. The dome car, a feature of Western train travel, will apparently disappear, although there are plans for a glass-walled "Sightseer" lounge to replace the vista-domes. Access through the upper level means that the cars will be incompatible with conventional equipment, which might be needed to add to the trains at peak travel periods. Finally, no prototype for the car yet exists, and delivery dates are as yet doubtful. In view of Amtrak's problems with new equipment, North Dakotans are not disposed to believe in the new cars until they can actually see and ride them.

Cost overruns and inflation have pushed the price of American-built passenger cars to close to a quarter of a million dollars each. In view of this staggering cost, it might be better for Amtrak to explore the possibility of converting the best of its conventional cars to electric heat. A complete rebuilding of these cars could probably serve Amtrak's needs until the end of the century. Amtrak's high costs are hard to justify in terms of the poor utilization given this equipment, which sits idle in terms for hours if not days, due to inadequate scheduling.

C. Station facilities. The passenger stations used by Amtrak in this state are generally clean, comfortable, and sufficient for the traffic they generate. They range from the architecturally pleasing Spanish hacienda at Bismarck to the modern functional structure at Minot. North Dakota is not cursed with huge, decaying white elephants which hold Amtrak hostage to the tax collector in other jurisdictions.

The stations in North Dakota serve at most one train each way per day. It is foolish and uneconomic for a building to be maintained for two peak periods only. Often it is impossible to have an agent available during business hours and also at

train time. Local communities could alleviate this situation by finding additional uses for the station buildings, including joint use as a railroad and bus station. Such a solution could provide financial savings to both Amtrak and the bus companies, as well as making travel easier for the passenger who has to change transportation modalities.

D. Level of Service. With the exceptions of insuring daily operation of the Empire Builder and North Coast Hiawatha, and instituting a Winnipeg connection, we feel the present level of service is adequate for the needs of the North Dakota rail traveler. There are some areas of the state which do not have rail service, but with present levels of travel, we believe that an intermodal system, with expanded bus service connecting with Amtrak trains in major cities, is a more feasible option.

As patronage increases, and if the rising price of gasoline continues to limit auto travel. Amtrak should consider the possibility of adding an additional day train over the route of the old "Red River", connecting Grand Forks, Fargo, and Minneapolis.

Another factor which should be taken into account is the increased development of the western portion of the state due to lignite mining operations and coal gasification planned for that area. If population and travel increases in the West as has been predicted, passenger service may be required over the Milwaukee Road mainline serving Marmarth, Bowman, Scranton, and Hettinger. This function could be fulfilled by a local coach train operating between Minneapolis and Miles City, Montana, where it would connect in each direction with the North Coast Hiawatha to and from Seattle. Such a rail service would also restore passenger trains to South Dakota, one of five states which presently is not served by the Amtrak system.

The schedules of Amtrak trains leave something to be desired both in terms of speed and convenient hours. In our Recommendations we will approach the problem of scheduling. Suffice it to say that we hope that track and equipment improvements will make possible fast schedules during daylight hours; and a return to daily operations on all routes.

The quality of service received by passengers is spotty. Much of this can be traced to the lack of contol which Amtrak has over the railroad employees who operate the trains. It is clear that Amtrak, with some exceptions such as food and station service, has relegated itself to the role of contractor in providing passenger service. Thus it is difficult to assign responsibility for performance, and management by objectives becomes an illusion. At any rate, service on the Empire Builder and North Coast Hiawatha seems to be on a generally high level compared to many Amtrak runs in the east and south.

Reliability of Amtrak schedules is another matter. During the winter of 1976–77, the timetable was a shambles. Schedules have been lengthened so that Amtrak can be on time at the end point of the journey. Still, trains may be as much as an hour or two late in North Dakota and make up the time before they hit Chicago or Seattle, due to excessive padding in the schedule. On-time reliability has not yet come to North Dakota.

One of the problems facing any further development of passenger service in the United States is the huge deficit, made up by the Federal government, incurred by the Amtrak organization—close to half a billion dollars per year! For this reason, we do not foresee any great expansion of the system in the near future, and think that any additional long runs would be hopelessly uneconomic. Instead, Amtrak should work toward improving its existing system and adding short connecting links, which would improve the utility of the present network.

Amtrak's deficit is apportioned among the various routes, thus creating the impression that long-haul routes can never be self-supporting. This may in fact be true, but the Amtrak deficit is not an accurate measure of what it costs to operate passenger trains. A good percentage of the Amtrak dollar goes for items that are not directly connected with railroad passenger service.

Some of the expenses include Cabinet-level salaries for Amtrak officials, executive prerequisites such as air travel to points served by the Amtrak system, salaries of diesel firemen and other superfluous personnel, and the maintenance of large obsolete stations to serve one train per day.

Because of the legal fiction that Amtrak is a private corporation, the passenger company must pay property taxes to local and state governments. Equipment costing millions of dollars sit idle between runs, depreciating uselessly because of schedules which, in the case of the North Coast Hiawatha, are as infrequent as thrice weekly—although station agents are paid for opening the depot seven days per week. Finally, contracts with the operating railroads provide for additional incentive payments when trains are operated on time at least 65 percent of the time. In the case of Burlington Northern, an improved contract has been signed,

which provides for a higher percentage of on-time arrivals in order to obtain compensation.

The recurrent Amtrak deficit and attempts of the current administration to cut back on perceived pork-barrels in transportation raise the spectre of massive cutbacks in the future unless Amtrak achieves better control over its spending. The question is bound to arise as to the need which Amtrak is to fulfill. Much criticism has been made as to the existence of long-distance trains which take two days to cover a distance which can be met in hours by plane. This is somewhat misleading, as few passengers ride the entire length of the train's run. Most of the traffic is generated by intermediate communities which use the train both for interstate and intrastate travel.

Here in North Dakota, the train serves several communities: Wahpeton, Valley City, Dickinson, Rugby and Stanley, which have no scheduled air service. There is no air service to the west coast from Grand Forks, nor is there through bus service along Route 2. The train provides all-weather transportation to the center of towns at a minimal energy and environmental cost. North Dakotans have supported the train service despite inconvenient hours. Preserving the present level of service is in the interst of North Dakota rail users. Amtrak should investigate the possibility of carrying more mail and express traffic as a means of reducing the costs of service.

In addition, Congress should investigate the budget figures provided by Amtrak to see if the western lines are carrying too much of the administrative costs and other burdens primarily attributable to "corridor" operations.

III. INTERMODAL PASSENGER FACILITIES

Air transporttion is not only faster than surface, but the air passenger benefits form a greater convenience factor. An airline agent can send a passenger to any airport in the world, knowing that the carriers will cooperate to send the passenger and his baggage safely through to his destination. Having paid his airline ticket, the traveler knows that no further costs will be incurred.

No comparable security is available to the surface passenger. Bus and rail carriers compete for a scant 8 percent of the intercity passenger market. Connections are not guaranteed, separate stations are used, and through tickets and checking of baggage are not available.

Now that Amtrak has been coming back to Congress each year for subsidy requests, the buses are getting into the act as well. The bus industry is sponsoring a bill before Congress called the "Bus Revitalization Act of 1977". The bus companies are worried about declining return on investment and decreases in patronage as well as by Amtrak competition. ICC Chairman Daniel O'Neal stated on June 16, 1977, that in the future states should be required to develop an overall state intermodal passenger transportation plan, if both the buses and trains are to be viewed as candidates for public largesse.

Recently, the Interstate Commerce Commission completed a study of through routes, joint fares, and interchange arrangements between Amtrak and bus companies. The Commission concluded that the potential exists for establishing intermodal coordination which would foster public passenger transportation. Such cooperation would promote energy conservation and provide consumers with a practical alternative to the automobile for travel between all areas of the country. The ICC added that intermodal arrangements can save money for the carriers by sharing terminal expenses, can provide sparsely populated areas with a connection to the Amtrak system and they can save passengers time, effort and money.

However, as much as the Commission would encourage joint routes and fares, it does not have any authority to require them. It may approve fares when there is carrier initiative. That has been long in coming; Amtrak's fares are not regulated by the ICC and it has avoided that body, and the bus companies are not overly anxious to short-haul themselves. Nonetheless, the ICC urges a seven-point program, including the use of rail stations for both rail and bus, uniformity in ticketing and co-ordination of rail and bus service on a national, though voluntary, basis.

With regard to North Dakota, the Commission specifically indicates the following Amtrak and bus stations as candidates for intermodal service: Jamestown (Jack Rabbit Lines and Jet Base Shortway), Fargo (Jack Rabbit Lines and Doyle Transit), Grand Forks (Star Bus Lines and Triangle Transportation), Minot (Star Bus Lines, Jet Base Shortway and Interstate Transportation), Bismarck (Interstate Transportation), and Williston (Missouri Valley). The Transportation Institute generally supports the recommendation of the Commission.

The Amtrak Improvement Act of 1974 requires the Secretary of Transportation to report to Congress on the feasibility of intergrating Amtrak rail service with other modes of transportation such as buses. Particular attention is to be paid to the

needs of rural areas. Here in the United States, only a few cities such as Harrisburg and New Orleans maintain true intermodal facilities. Few passengers are willing or able to lug suitcases at strange hours through unfamiliar towns during North Dakota's six-month chilly season. The location of the Greyhound and Amtrak terminals at Fargo has the makings of a true intermodal station, but improved common terminals are necessary in Bismarck, Minot, and Grand Forks. In the latter city, joint arrangements could not be satisfactorily made between Burlington Northern and Greyhound, and the bus station is now located far from the railroad depot and from the center of the city.

A. Provide International Service to Winnipeg and Regina. One of the lines abandoned by Amtrak on May 1, 1971 was a connecting train from Grand Forks to Winnipeg which made connections from Chicago, St. Paul, Minneapolis and Fargo. This train had never been posted for discontinuance before the Commission or other regulatory authorities, but was not included in the system by the Secretary of Transportation on the mistaken assumption that the Amtrak law did not authorize operations into Canada. Presently Winnipeg is the only city in Canada which had passenger service to the United States in 1971 which has not been reinstated.

Greyhound Lines operate buses between Fargo, Grand Forks and Winnipeg which with some schedule adjustment could make a reasonable connection with Amtrak trains at Grand Forks.

What is necessary to provide a true intermodal service is for the Amtrak to list this bus connection in its timetable and for the connection to be guaranteed. It would then be possible for Amtrak and the bus companies to publish through routes and issue through tickets and checking of baggage. Once the joint rate has been approved by the ICC, connecting service between Seattle, Bismarck and Winnipeg could start immediately. (Although Amtrak's rates are unregulated, apparently joint rates must have ICC approval.) Since April 30, the Amtrak westbound train has been operating into Grand Forks at 3 a.m. The bus schedule should be adjusted so as to provide a short layover in Grand Forks and a reasonably early arrival in Winnipeg.

Establishment of a Grand Forks-Winnipeg bus connection with the buses picking up passengers at the railroad station and through ticketing and checking of baggage would be a progressive step and would make travel a great deal easier for North Dakotans and travelers to and from Manitoba. The bus should leave from Fargo to connect with the Hiawatha on the days the Builder does not run.

There are no connecting links anywhere between the Amtrak and VIA Rail Canada systems in the Upper Midwest, despite the existence of large Canadian cities and travel meccas in that area. One of the larger cities is Regina, Saskatchewan. Recently air service has been established to and from Minot, North Dakota but no surface transportation exists. It would be helpful for Amtrak to establish connecting links at Minot with either bus or air carriers to allow access to the Saskatchewan capital from points along the Empire Builder's route.

B. Intermodal terminals necessary. Although North Dakota's cities are by and large compact, the distance between terminals is usually quite significant. An exception is in Fargo, where the Greyhound and Amtrak depots are adjacent. In the other cities, the distance is usually too far to walk with a suitcase.

True intermodal terminals would mean a combining of facilities with schedules rearranged to make transfer between modes more convenient, and facilities for through ticketing of passengers and checking of baggage.

This could be easily arranged even with the present set-up at Fargo, so that passengers from Grand Forks and Canadian points could make connections to the westbound North Coast Hiawatha and passengers from the eastbound Hiawatha could transfer for Red River Valley points at Fargo. Other connections, such as Fargo-Sioux Falls, Grand Forks-Duluth, Bismarck-Pierre, and Minot-Bismarck, should be established.

In the other cities, it may be advisable to consolidate stations. It is economic nonsense to keep a depot open for one train or four buses a day, when in most cases savings could arise by pooling facilities. The benefit for both carriers is there—what is needed is some way to facilitate cooperation.

C. Supplement Amtrak service with connecting buses. Since September 8, 1977, trains have operated four times weekly on the Minot route and three times weekly on the Bismarck route. Meanwhile, there is waste involved in keeping stations open on both routes for seven days per week. The Institute proposes that through ticketing and checking of baggage take place at Fargo so that passengers could proceed by bus to Jamestown, Bismarck, Grand Forks or Minot on the days when Amtrak does not operate through to those points.

Thus, a passenger bound for Bismarck on a Monday or Wednesday morning would arrive in Fargo ticketed through to the capital city. Although the train is scheduled to go to Seattle via Minot, his baggage is transferred across the platform at Fargo to a waiting Greyhound bus, arriving in Bismarck some four hours later. The bus would stop at the Amtrak stations en route at Valley City and Jamestown. Similarly, a Grand Forks bound passenger arriving in Fargo on a Tuesday would be transferred to a bus at Fargo, with one coupon provided for the entire trip. Extension of connecting service to Minot would involve an additional carrier, Star Bus Lines, resulting in a through tri-weekly Fargo-Minot bus schedule. Since the bus carriers already have ICC authority to serve these cities, they could pick up local passengers as well as Amtrak riders. If Greyhound and Star are not amenable to that arrangement, the services of Interstate Transportation between Bismarck and Minot could be used instead.

Such rail-bus cooperation would result in daily service to all North Dakota cities until circumstances are propitious for resumption of daily train service. Such a plan is in line with Federal recommendations concerning conservation of fuel and utilization of existing transportation facilities. It should result in more riders for both Amtrak and the bus companies, and a reduction in terminal costs for both.

IV. UPPER GREAT PLAINS TRANSPORTATION INSTITUTE RECOMMENDATIONS

Since the publication of the Transportation Institute's report on Amtrak in North Dakota in 1975, the passenger company has made some effort to improve service in line with our recommendations. They have included the changing of the schedules of the two trains to provide daylight arrivals and departures at North Dakota cities, improving connections at Chicago, speeding up running time, and assigning new equipment to the trains. Although the latter promise has not yet come to fruition, both the Builder and Hiawatha are in line to be the first to receive the Superliner cars when they are delivered.

However, there are still several serious gaps in the quality of passenger train service in North Dakota, which need to be corrected.

A. Reinstate daily service on both routes through the State. Amtrak's president, Paul Reistrup, has indicated that less-than-daily service is next to useless. In 1976, he was campaigning for twice-daily service on all long-distance routes. Yet, in 1977, service was cut to thrice weekly through Bismarck and four times weekly through Minot. The Empire Builder reductions represent the first instance where a route designated as part of the "basic system" in 1971 has been reduced from daily to less frequent operation. The partial operation of both trains is confusing, inefficient and costly since fixed expenses remain much the same whether the train runs every day or not. With the release of many cars because of Amfleet replacements, equipment shortages are not the factor they were two years ago. Loss of mail and other contracts has negated whatever operational savings were claimed by the cutback in service.

From the experience of the 1960's, North Dakota passengers are wary that such cutbacks in service might be a prelude to an attempt to discontinue the service altogether. The publication of the Adams report in May, 1978, tends to reinforce this conclusion. Amtrak could keep faith with the people of this region by restoring the service cuts when the Superliner equipment becomes available.

B. Institute a station stop at Medora. Medora is the gateway to North Dakota's only national park and its biggest tourist attraction. Until 1971, trains stopped there daily. Now Amtrak runs nonstop for 100 miles between Dickinson and Glendive, Montana. The Park Service has been trying for the last two or three years to reduce the flow of automobile traffic into our national parks, yet this site is bypassed by passenger trains. With the revised schedule of the North Coast Hiawatha, eastbound trains would stop at Medora, in mid-morning, westbound trains late in the afternoon. This stop should be instituted at least on a trial basis during the summer. If it proves successful, year-round operations should be implemented.

C. Establish service to Winnipeg. Manitoba's capital is the only Canadian city which was linked to the United States by passenger trains as late as 1971 which is not served today by Amtrak. The city still is the rail hub of Western Canada, with daily passenger service by Via Rail Canada. Winnipeg, with a population of over half a million, is larger than any city on the Empire Builder route between Minneapolis and Seattle and is a good generator of traffic. Since the emergence of Amtrak, service has been restored to Montreal (over two different routes—one of which had not been operated since 1966) and Vancouver, with connecting service available to Toronto from the east and midwest. But no passenger train crosses the border between Lake Ontario and Puget Sound. Rail travelers are unable to reach the Canadian midwest and Rockies from Chicago or Minneapolis; Winnipeg passen-

gers are unable to go by train to visit the traditional tourist areas in the midwestern United States.

Service between Grand Forks and Winnipeg would fill the 150-mile gap between the two countries' rail service. The train could be operated over the BN and CN lines as was the predecessor train until 1971, making a connection with the Empire Builder at Grand Forks. Such a train could be a daylight coach train which would provide a substantial amount of feeder traffic for the Empire Builder. In addition, both major rail systems of Canada provide passenger service to Winnipeg, and the addition of this short link would provide optimum connectivity between the rail networks of both countries. Presently, train travel is easier between Northern and Southern Ireland and between East and West Germany than it is between the supposedly cooperative nations of the United States and Canada.

The Grand Forks-Winnipeg market is one where there are not many competing modes. Within the past two years, Northwest Airlines has cut back its flight schedule to the point where there is only one plane on the route. It flies to Winnipeg and immediately turns around, making a business day there impossible. There are two buses a day, but their schedule is geared more for the local than for through traffic, and does not permit a morning arrival in the Manitoba metropolis. Both in Grand Forks and in Winnipeg the bus terminals are at a considerable distance from the railroad stations.

There are two possible routes for the Winnipeg train. The former Great Northern line runs from Grand Forks to Crookston, Minnesota, and then north through Warren, Minnesota, to Noyes, where it follows the Canadian National into Winnipeg. This route was followed by Burlington Northern trains until 1971, and the track is in good condition, since it is used by through freights. Most of the route has been designated as Class B mainline by the Department of Transportation.

The former Northern Pacific line through Grafton and Pembina is considerably shorter than the Crookston line. However, the track is not in good shape, and passenger service has not been operated this way for over a decade. In addition, the Pembina line is designated only as Class "B" Branchline by the Transportation Department, and the Burlington Northern has designated the line as a likely candidate for abandonment.

A Grand Forks-Winnipeg train would be a low-cost option for Amtrak that would expand patronage by linking the two countries and restoring a historic travel market. It would benefit Manitoba, North Dakota and especially Minnesota in providing service to such towns as Warren and Crookston which have been without rail service for seven years. This is the optimum length for an Amtrak run, and the type of market in which the train can satisfactorily compete with other modes.

If additional equipment is needed for this run, there are some surplus CN and CP coaches available in Winnipeg which could be leased from the Canadian lines for a short term, until new cars arrive on the Amtrak property.

Establishment of a Grand Forks-Winnipeg connection might require cooperation between Amtrak and Via Rail, the new Canadian passenger corporation. As the latter is in the formation stages, it behooves North Dakota officials to contact the incorporators of Via Rail and express their interest and support for this international cooperative venture.

In October, 1977, Amtrak announced that it was considering resumption of Winnipeg service as one of six possible future experimental routes. Congress has required the Corporation to initiate one such route each year, and the Winnipeg proposal was part of Amtrak's five-year plan submitted to Congress for its consideration. If such a train is initiated, we propose that it originate and terminate in Fargo on the days that the Empire Builder does not run.

These recommendations of the Transportation Institute have in mind ease of adoption, low cost, and benefits to the population of our state. We believe that these are the areas in which passenger rail service should be developing in our state, in close cooperation with an expanded bus system, which would make single ticket surface travel available at reasonable cost and schedules to every community in North Dakota.

With regard to the May 8 report of the Department of Transportation, we wish to emphasize that this is only a basis for discussion and Congressional action. There are some good points to the report: the proposed addition of connecting service to Portland, and the recognized need for daily service through North Dakota.

We do not believe that one of our two routes should be abandoned without a clear showing that the route is failing to carry its own burden. We do not think the long-haul train should be Amtrak's scapegoat for administrative and Northeast corridor costs. At public hearings and Congressional debates, we should make our wishes known to our elected representatives.

V. NORTH DAKOTA RIDERSHIP SURVEY

In the fall of 1977, the Upper Great Plains Transportation Institute conducted an on-train survey, with the co-operation of Amtrak. The questionnaire was intended to gauge the reaction of North Dakota passengers to conditions of rail passenger service and proposals for improvements in the service.

The survey was run once in October and once in December on each of the following routes: The Empire Builder, between Breckenridge and Grand Forks; The Empire Builder, between Grand Forks and Williston; and The North Coast Hiawatha, between Fargo and Dickinson.

The researcher was Mrs. Karen Thoms, a graduate student at the University of North Dakota, formerly associated with the Interstate Commerce Commission.

North Coast Hiawatha survey. Passengers on this train were a smaller number than those on the Empire Builder; due largely to the tri-weekly schedule and inconvenient boarding hours.

Of the passengers destined to or originating at North Dakota points (the only ones surveyed), over 20 percent of the westbound passengers boarded at Fargo, Bismarck and Minneapolis. Other origins of passengers with more than 2 percent of the passengers on the trains surveyed were Jamestown, Mandan, Valley City and Milwaukee. The westbound passengers were bound for Billings, Montana (21 percent and 16 percent of the two trains surveyed) while Dickinson, Seattle, Bismarck and Jamestown were the next biggest westbound detinations. Over 90 percent of the passengers arrived at their originating station by private car or taxi.

Many of the passengers were destined to points not on the Amtrak system which they would reach by private automobile. These cities included: Garrison, ND, Middle River, MN, Miller, SD, McClusky, ND, Jud, ND, Strasburg, ND, Tacoma, WA, Rathdrum, ID, Corwin Springs, MT, Powell, WY, Bigfork, MT, Post Falls, ID, Worden, ND, Bremerton, SD, and Edgeley, ND.

Of the eastbound passengers on the North Coast Hiawatha, 24 percent boarded at Glendive or Dickinson, two cities without air service. Billings at 14 percent was the next most popular origin. Three-quarters of the passengers drove or were driven to the station, 9 percent arrived by taxi, and 5 percent walked to the Amtrak depot. Of the passengers surveyed, 33 percent were bound for Fargo and an equivalent amount for Bismarck and Mandan. 19 percent were bound for Jamestown and 14 percent for Minneapolis. Some of the passengers were destined for towns not on the Amtrak system; these included Oakes, ND; New Rockford, ND; Buxton, ND; and Aberdeen, SD. All would arrive there by private car.

Empire Builder survey. Because the base of our survey was in Grand Forks, the Grand Forks-Williston segment and the Grand Forks-Breckenridge segment were surveyed individually.

On a southbound run between Grand Forks and Breckenridge, 52 percent of the passengers boarded at Grand Forks, 24 percent at Minot, 14 percent at Rugby and 10 percent at Fargo. 95 percent drove to the station and 5 percent walked.

Many of the passengers between Grand Forks and Breckenridge were bound for points not served by Amtrak, including Gary, Indiana (served by South Shore, Conrail and Amtrak, but apparently the passengers were going there by other means), Redwood Falls, Minnesota, Celina, Ohio; Detroit Lakes, Minnesota (on another Amtrak route) and Sarasota, Florida. Fourteen percent would arrive by car, 5 percent by bus, and 81 percent by other means.

Northbound passengers from Breckenridge to Grand Forks boarded at Minneapolis (33 percent), Chicago (28 percent) and Fargo (28 percent). Seventy percent arrived by car, 6 percent by taxi and 9 percent by bus. The Northbound passengers were destined for Grand Forks (30 percent), Minot (28 percent), with Williston and Fargo tied for 13 percent. Other destinations were Stanley, Rugby, and Devils Lake, with 2 percent each.

Users of this train were en route to several towns not on the Amtrak system, including the North Dakota cities of Mohall, Tioga, Ryder, Roseglen, Lignite, Eureka, Burlington, Rolette, Fortuna and Grafton. Other destinations were Moorhead, Minnesota and Medicine Hat, Alberta.

For the Grand Forks to Williston segment of the run, the largest originators of traffic were: Fargo, (39 percent); Minneapolis, (26 percent); and Grand Forks, (20 percent). The most popular destinations were Minot, (35 percent); Williston, (35 percent); and Rugby (13 percent). Other destinations of passengers sampled were Whitefish, Stanley, Devils Lake, Havre, Seattle, Glasfow, Wolf Point, and Cut Bank. North Dakota destinations off the Amtrak line included: Dunseith, Berthold, Belcourt, Wildrose, Powers Lake, Tioga, Munich, Towner, Fort Benton, Penn, Sydney, Noonan, Ray, Pendleton, Rollette, Dunseith, Wolford, Sarles, and Bottineau, with 89 percent arriving at destination by private auto and 11 percent by bus.

On the eastbound train between Williston and Grand Forks, the major originators of traffic were: Seattle, (26 percent); Williston, (25 percent), and Minot, (15 percent). The major destinations were: Minot, (22 percent), Fargo, (19 percent); Minneapolis, (16 percent), Grand Forks, (11 percent); and Devils Lake, (11 percent). Passengers were destined for the following off-rail North Dakota points: Towner, Richfield, Voltaire, Langdon, Fergus Falls, Portland and Hillsboro.

Reasons for traveling. Very few business travelers ride the Amtrak trains through our state. The combination of long travel time, erratic schedules and inconvenient departures tend to mitigate against businessmen's use of the trains. Thus, only 12.7 percent of the travelers described themselves as on business trips, 80.7 percent were on pleasure travel, while the remaining 6.6 percent gave other reasons for their journey.

Choice of train travel. Among North Dakota passengers, price was the largest consideration, with 44.3 percent of the passengers electing train travel because of economic considerations. The second most frequent reason for choosing rail was the personal preference, (11.8 percent), while 10.6 percent said that lack of convenient air service was an important factor. Comfort accounted for 8.6 percent of the passengers electing rail, while scenery, a negligible factor since the trains operate at night through the state, attracted only 4.3 percent.

Possible improvements to Amtrak service. Our passengers were asked how they would respond to various proposals made in the interest of improving rail service in North Dakota. Passengers generally favored restoration of daily service to the southern route through Bismarck. Of our passengers, 34.3 percent strongly favored restoration of daily frequency to the Hiawatha route, while 12.1 percent somewhat favored this move. A bit more than 40 percent of the passengers believed it "made no difference", while 12.5 percent had no opinion. Less than one percent of the passengers opposed restoration of daily service. Since more passengers answered our survey on the Empire Builder, it may be that there was not as great an enthusiasm for increased service on the Hiawatha because the riders would not have cause to use this train.

With regard to the Empire Builder, which at the time Amtrak was seeking to discontinue, the results were as follows. A clear majority felt the train should be returned to the daily schedule. Forty-four percent felt strongly about this, while 12.4 percent somewhat favored the change. Less than one percent was opposed to such a move, while 29.2 percent felt it would make no difference to them and 14 percent had no opinion on the matter.

The passengers were also asked their opinions on other proposals of the Transportation Institute concerning new service. A proposal to institute service between Grand Forks and Winnipeg, which Amtrak has also proposed, met with the following response. There was no oipposition to the proposal. Twenty-seven percent strongly favored the Winnipeg connection, while 17.2 percent somewhat favored the new route. About 39 percent of the passengers said it would not make any difference, while 16.8 percent had no opinion on the proposed service.

At the inception of Amtrak, the passenger corporation continued Burlington Northern's practice of including a budget sleeping car called a "slumbercoach" in the Chicago-Seattle train. This car was later removed and utilized on eastern runs. Over 27 percent of the passengers strongly favored the return of the slumbercoach, 16.2 percent were somewhat in favor, less than 1 percent was opposed, 41.5 percent said it made no difference, and 14.1 percent had no opinion.

The Transportation Institute has proposed a stop to serve Theodore Roosevelt National Memorial Park at Medora. This proposal failed to win a majority of the train riders' votes. 17.8 percent were in favor of the new station strongly, 12.6 percent were somewhat in favor, 48 percent said that it made no difference, 18.2 percent gave no response and 3.2 percent were opposed.

We asked the passengers what changes they would like to see in Amtrak. Some of their responses were: stay close to schedule, more courtesy, shorter time at stops, better service, smoking coach, and smoking area in the diner. Other criticisms called for a snack bar, better air conditioning, cleaner, quieter trains, having reserved seats, and having the crew announce the station stops. Still other passengers thought more coaches should be added to the consists and that better connections should be made with buses. Free pillows and a "better view" were some of the amenities requested, while other respondents called for movies, excursion fares, private dining areas, and better scheduling, including trains to and from Hettinger, North Dakota.

Alternative service. We asked our passengers how they would travel if they could not use the train. Three percent would travel in an air taxi or private plane, 28 percent would use a scheduled airline, and 11 percent would go by bus. Of the

remainder, 41.5 percent would drive their own cars, while 11.5 percent said they had no alternate means of travel and would not go at all.

Why rail is not used more often. The passengers we interviewed can be expected to have a generally favorable view of rail transportation since they were using the service at the time. However, we asked them why they did not use the trains more often.

Of the passengers who responded, 12.4 percent complained that the train was too expensive, while 22.1 percent said that the trip took too long (this was during the period of slow orders due to bad track and worse weather). More complaints were made about inconvenient schedules than any other factor—35.7 percent. Despite complaints about service and comfort elsewhere on the Amtrak system, North Dakota passengers seemed relatively satisfied. Only 2.9 percent complained of bad service, and less than 1 percent said that the train was uncomfortable. Apparently comfort and economy are the two big things the trains have going for them.

Who Rides the Trains, Anyway? Our researcher included some demographic questions in her survey. Railroad employees and others riding on passes or reduced-rate orders accounted for only 6.5 percent of the respondents to our survey. Thirty-seven percent had not ridden another train within the past year, while 27 percent had taken only one additional trip, 16 percent twice before, 3 percent three trips within the year, 5.5 percent with 4 trips in the past year, and 10 percent had taken 5 or more trips during the year previous to the survey.

Our figures disabuse the myth that only older people ride the trains. Persons from 16–21 made up 29.2 percent of our interview sampling, young people between 21–30 another 25.1 percent, between 31–40, 14 percent, between 41–50, 8.8 percent, between 51–65, 12.3 percent. Only about ten percent of the riders fell into the category generally considered as "retirees", i.e. over age 65. Children were not counted in this sampling.

Of the passengers surveyed, 30 percent classified themselves as students, 47 percent as employees, 8 percent as presently unemployed, and 16 percent as retirees. Forty-seven percent of the passengers were traveling alone, 5 percent with some sort of group, and 48 percent with the families. The percentage of families may well have risen since the survey due to a new promotional offer which allows free transportation for children when cereal box tops are presented in exchange for a ticket.

In short, the train riders correspond to a cross-section of North Dakota's

NOTE.—Chapter 4 prepared by Professor William Thoms, University of North Dakota Law School.

Senator HEFLIN. Thank you. Your statements will be entered into the record.

This concludes the hearings for today. We will recess until next Monday, the 12th.

[Whereupon, at 4:35 p.m., the hearing was adjourned, to reconvene on Monday, March 12, 1979.]

AUTHORIZE APPROPRIATIONS FOR AMTRAK AND DOT'S FINAL ROUTE RECOMMENDATION

MONDAY, MARCH 12, 1979

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
SUBCOMMITTEE ON SURFACE TRANSPORTATION,
Washington, D.C.

The committee met at 10 a.m. in room 235, Russell Senate Office Building, Hon. Russell B. Long (chairman of the subcommittee) presiding.

OPENING STATEMENT BY SENATOR LONG

Senator LONG. Today the Senate Commerce Committee's Subcommittee on Surface Transportation will continue hearings on Amtrak's fiscal year 1980 authorization request and the Department of Transportation's proposed new route plan for Amtrak. These hearings are a continuation of last Monday's hearings and will conclude the subcommittee's scheduled public review of Amtrak. These hearings will afford the members of the subcommittee an opportunity to receive additional information on the difficult problems facing Amtrak and the Federal Government.

For those individuals who are unable to testify orally, the hearing record will remain open for 2 weeks to receive additional comments on both Amtrak's financial needs and the Department's proposed plan.

I want to remind witnesses here today that we have a number of witnesses to hear from and all witnesses must limit their oral presentation to a 10-minute summary of their full statement. The full statement will be printed in the record.

The first witness this morning will be Senator Baucus—is he here—he will be along shortly, and in the absence of Senator Baucus I would like to next call Mr. Richard J. Schiefelbein, Deputy Director for the Rail Services Planning Office Analysis and Evaluation, Interstate Commerce Commission.

If I may for the moment, I'm going to turn the gavel over to the chairman of the full committee, Senator Howard Cannon.

The CHAIRMAN. All right. Mr. Schiefelbein.

Mr. Schiefelbein, if you would permit, Senator Baucus is here now and I wonder if you would mind allowing Senator Baucus to proceed with his statement.

STATEMENT OF THE HON. MAX BAUCUS, U.S. SENATOR FROM MONTANA

Senator BAUCUS. Thank you very much, Mr. Chairman.

Mr. Chairman, I appreciate the opportunity to appear today to discuss the DOT's recommended route plan for Amtrak.

As you know, in response to public desire for revitalization of a faltering passenger rail network, Congress at the beginning of this decade created Amtrak. Since that time, Congress has had to overcome executive branch opposition in providing the necessary funding and incentives for its development.

Recent public opinion polls and the outpouring of public support exhibited at last summer's ICC hearings throughout the country demonstrate that citizen interest has not declined but in fact has increased. Once again, it is up to Congress to reflect the public's desires and insist that a truly nationwide passenger rail system remain a part of national policy.

The Amtrak Improvement Act specifically mandated the development of an "optimal intercity railroad passenger system" based upon current and future markets and population requirements. It further calls for consideration of the "role passenger rail can play in helping meet the Nation's transportation needs while furthering national energy efforts."

Congressional intent was clear, and I submit in large measure such intent is inadequately reflected in the final product. Rather, it would appear that the planners started from a dollar figure the administration was willing to allocate, making wholesale amputations in the national route structure until that budget level was reached.

This is a time of growing concern for the problems of inflation and unnecessary government expenditures, and I share that concern. It is then especially important that the taxpayers' dollars be allocated prudently and to areas with the greatest benefit potential.

The administration proposes $552 million for Amtrak operations next year. That's about a 12-percent reduction in dollars, but a 43-percent loss of route miles plus further frequency reductions in those trains that would continue.

I cannot fathom the logic of such a drastic move, especially when weighed against other events and conditions in our economy.

At the same time the administration is proposing cuts in available rail service, it is putting renewed emphasis on energy conservation. I heartily support these efforts. Fuel shortages are increasing and future supplies are uncertain. Gasoline prices continue to escalate with little hope of relief. Almost daily we read of delivery cutbacks by major distributors and we are told to expect weekend gas station closings as the summer travel season approaches.

I might add, Mr. Chairman, that in this morning's Washington Post there was a report by the Office of Technology Assessment of a study which very strongly implies, and in fact states, by about the late 1980's or 1990 we may not be able to rely nearly as much on the automobile as we do today because of gasoline shortages.

Not only are automobiles and buses affected, but airline flight cancellations due to lack of jet fuel are also on the rise. It would seem almost axiomatic that national policy should be emphasizing fuel-efficient public transportation alternatives to help us reduce our dependency on uncertain future supplies of foreign oil at inflated prices.

Also, when you weight this relatively small budget savings today against the gigantic expenditures that would be required to bring these abandoned lines back into service in the future, it does not make good fiscal sense. We are seeing this happen as some of our large cities now struggle to revive dismantled mass transit systems at great taxpayer expense.

Let me speak briefly about the report's effect on the Northwest, where distances are great and transportation alternatives limited—and the situation I know best, my own State of Montana. Currently, this market is served by two trains operating between Chicago and Seattle, with service on alternate days across different sectors of Montana. The DOT plan eliminates the southern route entirely, leaving only three frequencies per week via northern Montana through most of the year.

The southern route now serves population centers of Billings, Bozeman, Butte, Missoula, and points in between, including Livingston—one of the gateways to Yellowstone National Park.

In response to my request for comment on poential Amtrak use for public access to Yellowstone, the National Park Service said in part:

> The time is approaching when, regardless of the magnitude and permanency of the energy problem, additional visitors to national parks will have to consider public transportation in order to have park experiences. In Yellowstone National Park, for example, the roads and facilities have reached their carrying capacity limit. It is not environmentally or economically feasible to expand the roads to accommodate the limited frequency of these excessive demands. Any increase in the use of public transportation services for park access will be beneficial to the park resources and the visitor experience.

I am sure the problem of private vehicle congestion is not limited to Yellowstone. I quote again from the Amtrak Improvement Act passed by Congress—

> The Secretary shall consider the impact of such recommendations upon existing tourism markets and the potential for future tourism in areas to be served by the recommended route system.

The continued operation of both routes through the Northwest is essential to the economic and personal well-being of the area.

The ICC Rail Service Planning Office conducted public hearings throughout the region last year. Its evaluation report specifically called continued operation of both routes essential, noting both overwhelming public support and revenue losses—estimated at several million dollars—far greater than the small savings—$800,000 at most—it would provide.

There are those who would point to ridership figures on the southern route as an indication of lack of interest or need. Precisely the opposite is true. Montanans have demonstrated the necessity for public train service by enduring antiquated locomotives and cars with frequent heating and cooling malfunctions, deteriorating ontime performance, and schedule changes without adequate public information and advertising.

More than 2 years ago, modern dome-top, climate-controlled cars were promised for this route which crosses areas of unsurpassed spectacular natural scenic beauty. None are yet in service, and we are told that their inauguration is expected in October—precisely when this train would be eliminated.

If given the opportunity, with service improvements on the horizon, passenger traffic will increase here just as it has elsewhere on the Amtrak system when decent, dependable service is available.

Once again it falls to the people's elected representatives to reflect their expressed desires and the best interest of the Nation by returning this misguided proposal to the Secretary of Transportation for extensive redrafting. The cost in dollars today is small, but the future savings will be manifold.

It is the wrong plan—as it does not respond to the congressional mandate for an "optimal intercity railroad passenger system."

It is wrong for the time—when mounting fuel shortages and prices require new emphasis on alternate, energy-efficient public transportation systems.

It looks to cut the budget in the wrong place—where a very modest reduction in dollars slashes our rail network almost in half, further weakening the system. It is almost certainly the harbinger of further route cuts in the future or huge outlays when circumstances force us to face the necessity of once again resurrecting those lines shortsighted expediency caused to be abandoned.

I urge the distinguished members of the committee to give the full Senate an opportunity to debate and vote on the Secretary of Transportation's proposed Amtrak route system.

Thank you, Mr. Chairman, and members of the committee. I appreciate the opportunity to express my very strong views about what I consider to be the failings of the proposed plan.

The CHAIRMAN. Thank you very much, Senator Baucus.

You know, Congress is faced with a rather unpleasant dilemma here because at the rate Amtrak was going it was certain to reach astronomical figures as to the subsidy required from the Federal Government. We directed DOT to come up with a new plan, not necessarily in the hope that they would reduce their rail mileage, but they would take other steps to reduce that subsidy by the Government. If this resolution of disapproval that—these resolutions of disapproval were to be passed by the Senate, that would result in a $166 million additional cost to the taxpayers just this year. On that particular train that you referred to, for example, the revenue there was $11,576,000 and the cost to operate that train this last year, or 1977 rather, fiscal 1977, was $24,913,000. So it was a net loss of $13 million on that one train alone.

Senator BAUCUS. If I may interject, Mr. Chairman, I think to the degree those figures represent a discrepancy, that's all the more reason why they should be sent back. The Rail Planning Service shows that the savings "by the implementation of the plan"—that is, northern service and elimination of the southern route—"is only about $800,000" and that is about roughly a calculation of 8 percent of the loss of the DOT's estimates. So it seems to me that the Rail Planning Office and the ICC, Amtrak, and DOT, all ought to get together again and all three agencies find out what in fact is the savings of this.

I worry that even if the Senate were to reject the plan and the DOT and the Amtrak came back in 45 days, the 45 days would not be a sufficient period of time within which to adequately and fully get to the heart of the problem to provide basic passenger service.

My strong feeling is—and I'm sure, Mr. Chairman, you will agree—that when you ride on Amtrak it's a difficult experience at times. Sometimes Amtrak trains are very pleasing; the food is good and service is good; and other times it is abominable; and I think were Amtrak providing a lot better service that the profit would improve significantly.

The CHAIRMAN. Of course, you get yourself into a chicken-and-egg situation. Which comes first: The improvements in Amtrak or the improvements in ridership? The figures that I gave you were just the avoidable costs. If you look to the fully allocated cost, the loss on that route, instead of being $13 million, was $28,132,000 for the fully allocated costs on that particular route.

Now the question is: Where do we start? I'm satisfied in my own mind that the American taxpayer is not willing to sit back and see the subsidy into Amtrak go in excess of a billion dollars and that's really where we're heading.

Senator BAUCUS. I think that's absolutely correct if Amtrak continues operating as poorly as it has. If Amtrak wants to provide good service you're going to find those figures turned around. There's no question in my mind. I personally have ridden Amtrak and I was shocked at the poor service that I experienced on Amtrak compared with earlier trips I have taken on passenger trains 10 or 15 years ago. It was a big shock to me and, sure, it's a question of chicken before the egg, but any businessman knows that when he starts a new business he's going to incur early losses. He hopes to turn around those losses for profits if he provides the very best service he possibly can, and I don't believe Amtrak has done that.

The CHAIRMAN. Well, of course, Amtrak is handicapped by the fact that the Federal Government provides two-thirds of its funds and it can't do something that it doesn't have the funds to do.

Senator BAUCUS. Well, a lot of it is a question of——

The CHAIRMAN. We are the people who furnish the funds or fail to furnish them.

Senator BAUCUS. I appreciate that.

The CHAIRMAN. And you have also made reference to the cost to bring this sytem back if it's once abandoned. Well, those rails are not going to be abandoned. Freight trains are running and will continue to operate over those lines, irrespective of what hapens to the passenger service. The bus people here will be testifying later this morning and pointing out that they parallel service or are willing to provide service at every point that's discontinued for the intercity routes.

Senator BAUCUS. I appreciate your earlier point that Amtrak is somewhat hampered by congressional allocation of funds, but I submit that a lot of Amtrak's failures are just due to improper attitude. You have to have resources to provide the service, but one's attitude in providing that service is I think just as important, if not more important.

The CHAIRMAN. Senator Schmitt.

Senator SCHMITT. Thank you, Mr. Chairman.

Senator Baucus, if you have 4 or 5 minutes, I'd like to buttress your testimony with a statement and then ask some questions that I think will help us both. We appreciate your support on the

resolution of disapproval and I agree with you that I think if we can move this to the floor of the Senate that we will have the will of the people expressed. The proposed cutbacks in Amtrak service could be a death blow as you have indicated to rail passenger service in the United States rather than the cure claimed by its advocates. Contrary to the Department of Transportation's position, modern rail transportation is at the current time an infant industry in the United States. This becomes more apparent when we consider, as the distinguished Senator from Louisiana pointed out last week, that 150-mile-per-hour trains are either operational or in the planning stages in Japan, France, Germany, and Great Britain. We add to that this tremendous base of technology that has been created just in the last decade and a half that a great deal of which could be applied to rail transportation. While the rest of the world forges ahead with more research and development into new technology for faster, more efficient, and more comfortable rail transportation, we languish behind, insuring the eventual phaseout of our existing rail service to the detriment of all transportation services.

The Senator from Illinois, Senator Stevenson, has pointed out the dangers of our technological depression in this committee and our attitude toward rail transportation is symptomatic of this malaise. Amtrak trains today travel no faster than they did over 30 years ago. But if we were to develop efficient, comfortable, high-speed, reliable trains and support systems for those trains along the coasts of this continent and between the major cities in each of the United States, I have little doubt that the interest of the public would be stirred—that these trains would be well used. As you yourself have so well indicated, trains can be enjoyable as well as efficient and in many parts of the country absolutely necessary transportation forms integrated with a broad transportation network of other kinds.

The critics of Amtrak have accurately pointed out that we cannot return to the railroad system of the past. We cannot afford to satisfy the nostalgic yearnings of a handful of railroad buffs, of which I am one. The lonesome, compelling sound of a steam engine stopped me more than once as I was growing up, and occasionally elsewhere in this world has done so since. What we can do, however, is build a railway system of the future, a system that will pull people out of their cars, not because it is quaint, but because it is faster, more comfortable, cheaper, more fuel efficient, and fun to use.

I admit to a certain parochial interest in this matter. New Mexico would lose the Southwest Limited, formerly the famous Super Chief. In Albuquerque, the passenger volume for this train grew from 48,000 in 1976 to over 62,000 people in 1978—and this is with equipment that is 25 years old and virtually no local Amtrak advertising or sales program. Ridership is expected to increase significantly in the coming year with the delivery of new sleeping cars, dining cars, lounges, and chair cars—the same situation that you indicated you face in the Northwest. The Southwest Limited would probably receive them in time for the Christmas traveling season. Ridership on other routes increased dramatically when Amtrak introduced new equipment and the same can be expected

in this case and other cases. To amputate this route prematurely from the system without allowing it an opportunity to operate with modern equipment doesn't make any logical or economic sense, particularly in view of the other problems that affect Amtrak much more deeply than does its route structure.

Out of the 474 stations served by Amtrak in 1976, Albuquerque ranked 73d in total ridership generated, far above many stations that would maintain service under the DOT amputation plan. On a comparison of number of passengers per train per day, Albuquerque ranks in the top 20 of all stations in the Amtrak system. What is the DOT logic for eliminating several of its most highly used stations and routes? In my view, it represents unsound thinking used throughout the proposal and the pronounced bias against continued rail transportation in Western and largely rural parts of the United States.

The rerouting of the Chicago-Los Angeles train through Ogden, Utah and Nevada would not only lengthen the distance of this trip to Los Angeles, a questionable move in any system seeking to increase the speed of its trains, but it would also require the rehabilitation of many miles of deteriorated track at considerable expense. I might add that that is something that happens when you remove passenger trains from a rail system—that you no longer maintain those rails to the degree necessary for rail passenger service. This move in the case of the Southwest Limited not only appears to be devoid of any benefit for the public in general, but also will impose difficult expense and in many cases even hardship on those who are dependent upon Amtrak for their basic transportation needs. I would advocate the extension of Amtrak services into Nevada and other areas if they are needed there as much as they are needed in New Mexico and other parts of the country.

DOT has made it clear in private meetings that they feel that rail transportation can only be effective in the Northeastern States and that trains in the West are relics of the past. I could not disagree more. DOT has no problem with spending $2.4 billion for the Northeast corridor, but tells the people of my State and many others to forget it; you don't have enough voters to have Amtrak. I can't accept this attitude and neither can the people of New Mexico. For many New Mexicans, the Southwest Limited provides the only reasonable form of transportation between Albuquerque and other points within the State, as well as to Flagstaff, Ariz., and Los Angeles to the West and Kansas City to the East.

The Southwest Limited is Amtrak's fastest long-distance train, averaging 55 miles per hour over its 2,200 mile route, and that speed is expected to increase significantly as improvements in equipment and rails are made. Thousands of tourists have visited New Mexico on the Southwest Limited and its famous predecessor the Super Chief. These numbers will only increase as service is improved and gasoline supplies become more scarce or more expensive.

Finally, Mr. Chairman, tourism is the second largest industry in New Mexico. It certainly is a major industry throughout the Western United States and it currently is served by Amtrak routes. It is the State's largest private employer, employing in excess of 34,000

people, with a payroll of $150 million, generating over $880 million in revenues in the State of New Mexico. The elimination of rail service will add to unemployment in New Mexico in addition to depriving our people of a valuable, useful, and increasingly used form of transportation.

For all of these reasons and several that I have not had time to touch upon but I'm sure will be touched upon today and at other times, this committee, as Senator Baucus has indicated, should reject this proposal and take the time to work with Amtrak and the Department of Transportation to provide this country with a fast, modern, and efficient rail transportation system that recent public opinion polls show a majority of the people earnestly wish to have.

Senator Baucus, are you aware of any Amtrak marketing and advertising efforts to increase ridership on trains in Montana?

Senator BAUCUS. I'm not aware of any at all.

Senator SCHMITT. That is a comparable situation, not only here but in Montana and also in New Mexico. Later on this morning we're going to hear from Randeall Cookus, who has undertaken his own efforts with respect to Amtrak advertising, personal efforts I might add with his own money, and with some significant success.

Wouldn't it be appropriate to undertake a sales and marketing and publicity program in order to increase ridership and therefore decrease deficits before we cut back the routes?

Senator BAUCUS. I think the Senator makes an excellent point. I touched on that in my statement and to reemphasize or reiterate it, nothing is clearer to me than that if Amtrak wants to increase its ridership it could. With an aggressive sales effort, in my judgment, it could increase ridership in the State of Montana 200 or 300 percent easily. I can't speak for other portions of the country but I'm confident of that in the State of Montana. So many people want to ride the trains, but they call the reservations office which I think is located in Los Angeles, and sometimes they are told there are no reservations—no spots on the train—and sometimes people get on anyway and find it empty. I have had lots of examples like that. Or the converse, despite advance booking it's full when they get on. It's just a very, very poorly run operation, but with a good sales effort and with the intent and good attitude there's no doubt the ridership would increase considerably.

Senator SCHMITT. Senator, I think the intent of Congress with respect to Amtrak was very clearly shown last year in that we appropriated $130 million, largely for the purpose of getting new, more serviceable equipment for the Amtrak routes with the idea of increasing ridership. For the Congress now to allow the route structure to be cut before that equipment has even had a chance to come online and be used and before there can be a marketing program to let people know that Amtrak is available and before the schedule and the service facilities provided by Amtrak are improved, would seem to me to be ridiculous.

Senator BAUCUS. I'd like to add to that. We were told by Amtrak personnel in Montana that ridership probably would expand and the frequencies of the train would improve once steam-heated cars were replaced with electrically heated Pullman cars. We were told that those were supposed to come online a year ago. They have

never been in service. That's just one indication, not very significant I grant you, but one example of poor management and poor operation.

Senator SCHMITT. Up until now, Congress has authorized the purchase of 494 metroliner cars, 108 locomotives, 220 double-decker cars for Western service specifically, and apparently few, if any, of those double-decker cars have been delivered and put into service. It doesn't mean they are not going to be or could not be. They are just not yet into service, and here we are saying Amtrak is not working, even though nothing that Congress has said it wanted to do has really been done in order to improve service.

Senator BAUCUS. I'd like to add one more small point if I could, Senator Schmitt. The chairman indicated that the bus lines feel they could replace some of the lost service, but let me point out why that probably is not adequate in many situations.

In Montana, at harvest time when wheat farmers are beginning to combine the grain and when farmers and ranchers are cutting hay and going through their farming operations—and I might add that Montana is still primarily an agricultural State—because of high rates of inflation in the country today and equipment shortages, whenever a farmer's combine breaks down or his tractor breaks down and the farmer needs some parts, the local suppliers don't often have the inventory. That's again because of inflation. They just can't carry the inventory they have carried in the past. Very often they will wire ahead to Minneapolis where they can get the part, for example, and that part is put on the Amtrak and they get 24-hour service. The farmer can pick it up the next day, go to the field and replace the part in his combine or tractor, and begin his operation. It's crucial because in the harvest time of the year you're racing against the clock, against the weather, against possible hail storms, and you've got to get the crop up. With the elimination of Amtrak on a lot of these routes—sure, buses could come along, but there will be no buses likely to stop at different towns along the way. I haven't seen market studies or transportation studies and I don't know precisely what routes the buses would follow or what the frequency would be, but I'm fairly confident they could not provide the same service that is essential to the farmers to get those replacement parts.

Senator SCHMITT. Well, Senator, you make an extremely important point. Unfortunately, all of the Government reorganizations I have been involved with since coming to the Congress only look at the economic impact of a particular action on the Federal budget and not on the budget of the local governments, the State governments and the individuals and groups of individuals that are dependent on that service.

We saw that with the HUD reorganization. We saw it with the IRS reorganization, and now we are seeing it again with the Amtrak route reorganization. We've got to remember that there are broader economic impacts in this country than just the Federal Government. We also have to remember that there are expenditures of the Federal Government that are inherently inflationary and there are expenditures of the Federal Government that if properly expended are inherently deflationary over the long run, and I personally believe that the improvement and encouragement

of an Amtrak system or some kind of rail passenger system is inherently deflationary in terms of the whole economic structure of this country. That's why I feel it's so ridiculous for DOT to argue purely on the basis of saving next year a lot of dollars—there's no question about it—at the expense of even broader future savings if the system were left intact.

I want to thank you for your testimony and I'm looking forward to that of others this morning.

The CHAIRMAN. Senator Baucus, the Congress had the Comptroller General do a study for Congress on Amtrak subsidy needs. I'd just like to read to you two or three extracts from that report—the digest of that report.

> Its operating deficit—

and "its" refers to Amtrak—

> grew from $153 million in fiscal year 1972 to over $521 million in fiscal year 1977. It lost $9 per passenger in 1972 and over $27 per passenger in fiscal year 1977. In addition, Amtrak is requesting operating subsidies of $613 million for fiscal year 1979 while the administration has budgeted only $510 million. Amtrak insists it cannot operate within the lower figure without substantial service reductions. GAO reviewed Amtrak's costs and operations and concludes that although there are ways Amtrak can eventually improve its operating efficiency, Amtrak cannot substantially reduce its operating cost without reducing the size of its route system. Efficiencies available will not substantially reduce Amtrak's subsidy need.

Now in light of that report, what would you suggest, that we just appropriate more money for Amtrak? What is the solution?

Senator BAUCUS. I suggest, Mr. Chairman, that GAO come out to Montana where they can learn a little bit. If they ever come to Montana they would realize that revenues can be significantly increased because more people will ride trains if the service is there. Deficits are in large extent dependent not only upon costs but also upon revenues. My point again is, and I believe it strongly because it's in my bones—I can feel it—if Amtrak wanted to provide much better service, at least in my State of Montana, that the revenues would significantly increase.

Senator SCHMITT. If the Senator would yield and the chairman would yield, I would say that everybody in Congress can find a report to back up their own position and I would note that, as I did at the last hearings, the ICC report on Amtrak said:

> Even reductions in service over unprofitable routes would have minimal impact on Amtrak's operating deficit because the burden caused by transportation expenses is minimum.

I think GAO and ICC and the Congress and the DOT have all got to sit down and take a realistic long-term look at just how in the world you save money and how you make Amtrak into an efficient operating rail system.

The CHAIRMAN. Senator Exon.

Senator EXON. Senator, I'm going to be brief because I know we have some other testimony. I would generally like to support what Senator Baucus and what Senator Schmitt have said.

My experience with this situation in Nebraska goes back a long, long way and I think it's very short-sighted indeed for us to arbitrarily take some figures that some group has put together and say that this is why Amtrak won't work. As I have said before and I wish to state for the record here again today, that, as far as the

Zephyr is concerned which runs from Chicago, Ill. to Denver and through Nebraska, if you wanted to design a rail system that was a sure-fire success to fail, you would have designed the route as they have out of Chicago to Denver, Colo.

I think the fallacy in this whole thing, Mr. Chairman, is the fact that it was the intent of Congress to experiment with an Amtrak service to see whether or not it has a chance of being somewhere near self-sustaining, recognizing if we will that Amtrak and the Secretary indeed has told us that as far as they can see into the future it's going to require some subsidy to keep the Amtrak system going.

My main point is that I do not believe all of the options have been considered and I will have some more to say about that a little later in the morning. The point is that as far as Nebraska is concerned—and I suspect these other States as well—there has not been, I suspect, and I know it to be true in Nebraska—there has not been a fair assessment as to whether or not this is going to work and I thought that that was the very thrust of the idea when we first launched a so-called trial period for Amtrak. You can't have a successful trial if you don't run the trains right on time and at decent hours in the first place. I will yield any further time.

The CHAIRMAN. Senator Warner.

Senator WARNER. Thank you, Mr. Chairman.

I welcome our colleague from Montana. I'm glad you spoke up for the farmers. I have been engaged in agriculture for many years and I know what happens when that breakdown occurs and ties up the whole crew and you need the part. I think it's a constructive observation that helps us with this difficult situation. Thank you very much.

The CHAIRMAN. Senator Packwood.

Senator PACKWOOD. May I ask just a quick question? You mentioned a farmer ordering a part. Is there no freight train that comes from Minneapolis on a regular basis going through that territory?

Senator BAUCUS. As the Senator knows, unfortunately turnaround times for trains has increased significantly in the last several months. Yes, there are freight trains, but it takes a lot longer. I don't have the exact measurement, but I'm sure it takes about a week to order the part and get it down by freight car. Again, it's because parcel post doesn't travel by freight trains and it's the daily Amtrak service that enables the farmer to wire Minneapolis, for example, and have that supplier take the part down and put it on the train, making it available the next day in Montana. This is not available at all on the freight service.

Senator PACKWOOD. Let me ask you a further question. I have in eastern Oregon much of the same kind of territory you talk about, wheat and cattle country, and for years we have built highways and run them at a loss on the theory that sparsely populated areas are entitled to be tied together and if the only network we are going to have are those that theoretically pay, they will run from main city to main city and that will be about it.

Do you think if Amtrak is given a fair trial, something you and I would consider a fair trial, and it does not pay its way with new

equipment, should we continue it at a loss on the same theory we do highways or should it be abandoned?

Senator BAUCUS. That's a very tough question. My answer would be that if we give Amtrak a fair trial period that probably we should discontinue Amtrak service if it does not show a profit, except in rural areas, I think there should be a strong public policy to help maintain service in rural areas that is not otherwise provided like in metropolitan areas.

So my answer to your question would be if Amtrak is given a fair trial and provides the very best service it can, we should continue to maintain that Amtrak service, certainly in the case that Amtrak runs a profit or breaks even. Also we should maintain it if it's, I would say, a negligible or not a significant loss but relatively small subsidy. In those situations, yes, we should maintain it.

Senator PACKWOOD. There's nothing to be embarrassed about by that answer. To come back to the highways, highways in the rural areas do not make money in the normal sense of making money and you would have nothing but towns of 25,000 or bigger in our areas tied together with highways and dirt roads to anything smaller than that if you went on the basis that it had to break even.

Senator BAUCUS. And further, we provide subsidies to the local airlines to provide service to the smaller rural communities.

Senator PACKWOOD. Thank you.

The CHAIRMAN. Before we let you go, I think I should make one other comment from the GAO report on page 54 where they state:

> Amtrak's biggest problem is that there are not enough people who want to use the train for intercity travel. While Amtrak attracted about 3 million more passengers in fiscal year 1977 than it did in 1972, it did so by substantially increasing the number of trains available. The number of revenue passengers per mile have decreased. As we have stated in recent congressional testimony, the reasons why demand does not exist in spite of Amtrak's low fares, fare revenue averages only about 35 percent of operating costs are fairly straightforward. Air travel is much quicker and more convenient for time sensitive travelers, smoother and more comfortable, especially considering the comparatively short time the traveler must occupy the airplane and on longer trips almost the same price as Amtrak's. Buses go more places than Amtrak, usually at a lower cost to the travelers.

That's extracting from their report and the essence of the report is that there's no way of getting ourselves out of this situation.

We had testimony in this committee before that some of these runs, even if the trains ran absolutely full, would still operate at a loss. They couldn't make a profit with a full load of passengers on some of these long-distance trains.

Senator BAUCUS. All we ask, Mr. Chairman, is that Amtrak be given the opportunity to run full in Montana.

The CHAIRMAN. Thank you very much.

Senator Sarbanes.

STATEMENT OF HON. PAUL S. SARBANES, U.S. SENATOR FROM MARYLAND

Senator SARBANES. Mr. Chairman and members of the committee, I know you have a long witness list and I will try to be very brief. If I could submit the statement in full for the record I think I can summarize it in just a few moments.

I first want to urge the committee to review very carefully the DOT submission. I know the procedure is, in effect, structured in such a way that they have an enormous advantage in terms of the package itself—a take it or leave it proposition—but it seems to me the committee might well be able to work through the proposals and come up with rational principles which would govern an appropriate revision of the submission. I think there's a need to search through and try to find these principles and in effect get the committee somewhat out of the box everybody thinks it's been placed in in terms of an all or nothing process.

I want very briefly to touch on two aspects of it which have a particular impact in Maryland. One involves the Blue Ridge which is an intercity train from Martinsburg and Harpers Ferry, W. Va. through Maryland and into Washington, D.C. The patronage on this train has increased from 118,000 in fiscal 1974 to 254,000 in fiscal 1978. That's more than double over that period of time and strongly reflects, I think, an obviously increased usage and the excellent reception by the communities through which the train passes even though there's not been, even by Amtrak's own admission a major marketing effort.

Now just to illustrate how the proposal perhaps has not been thoroughly thought through, Amtrak proposes to discontinue this train altogether as an Amtrak train and shift it into a section 18 train which would require it being completely supported by the states. The DOT proposal would completely bypass the possibility of having it designated a 403 train thus allowing a sharing of the costs between the Amtrak and the States, despite the fact that the usage and the costs on this train are better than most of the designated 403 trains.

I only make that point to underscore the fact that the DOT submission warrants some very careful analysis and study by the committee. There's no reason to assume that simply because they have come forward with it that it's necessarily valid and well justified.

Also, our state legislatures are about to conclude their sessions both in Maryland and West Virginia. This train will go out of business on the 1st of October. So even if there was a State will to maintain the train, it's not possible in the time frame in which DOT has now placed us with respect to support under section 403(b).

Second, I want to strongly make the point that there's a need to have careful attention given to interrelating what is called commuter service and intercity service as it affects the Northeast corridor where obviously train movement is of great validity. There is a problem with respect to rationalizing those train schedules and commuter usage, and it's something again to which the committee could direct its attention.

Finally, let me just make the observation, having heard the earlier discussion and colloquy in the committee, that I think there's a national purpose and objective to be gained by having a national transportation network and that rail is an important part of that national transportation network.

I appreciate that in some instances air or bus constitutes a rational alternative, but I don't believe that on a national basis

you're going to meet our transportation problems if we completely abandon in certain areas of the country one of those forms of transportation. And in response to what Senator Packwood asked Senator Baucus, I would say that if there's a reasonable cost involved in providing that national transportation network, it ought to be incurred. The progress of this country has in large measure resulted from the willingness of the Federal Government in conjunction with private enterprise to develop the infrastructure of transportation and communication, essential to a modern industrial society, and it seems to me that something of that perspective ought to affect our thinking as we look at the DOT proposal with respect to the Amtrak services.

The CHAIRMAN. Well, thank you, Senator Sarbanes, for a very fine statement.

As you indicated, there is a provision in section 403(B) where Amtrak can pay 50 percent and the State pay 50 percent of the operation of certain trains on a cooperative basis.

Now the committee has received a great deal of correspondence from West Virginia and Maryland residents complaining of service cutbacks on the Blue Ridge train and almost every letter begins with the statement that the individual is a commuter and needs the train to get to work.

Now if this train is in fact a commuter train, as the riders apparently think it is, don't you think the States of Maryland and West Virginia should be willing to fund the continued operation of the train?

Senator SARBANES. Mr. Chairman, my response to that is at about three levels. First of all, as I made the point toward the end, I think there's need to rationalize commuter and intercity transport and that hasn't been done. Amtrak simply wants to shift it out of the intercity category over into the commuter category. They see that as a cost saving. This goes back to Senator Schmitt's point made earlier this morning, which is a very good one, that there may be a cost saving in the Amtrak public budget and a cost addition to somebody else's public budget. So you're not saving public dollars in the overall sense.

Second, on the Blue Ridge, what Amtrak has done is to recommend dropping it as an Amtrak train. They are not going to make it a 403 for 50-percent sharing. They are going to throw it into section 18 for total local financing in a situation in which either under section 18 or section 403 the States can't react by October 1 which is the deadline for this service ending because the State legislatures are about to adjourn for this year.

So what we're faced with is a train that has more than doubled its usage in 4 years and that's scheduled to go out of business on the 1st of October in a time frame in which you can't move even if there was a State desire to do so.

Finally, Amtrak has structured it so if the State wanted to support the Blue Ridge they would have to come in at 100 percent and not at 50 percent. I make all those points just to underscore that I think a critical analysis will show shortcomings in the Amtrak proposal. I'm sure that the same problems or the same defects will probably show up across the country as you start

analyzing this proposed plan. I was very interested to hear the usage figures with respect to the Albuquerque station.

Senator SCHMITT. It's been accelerating very rapidly.

Senator SARBANES. Yes.

The CHAIRMAN. Well, certainly the committee—at least I agree with you and I think the committee has a responsibility to look at the entire national transportation system and that I think is what we are really trying to do, but, of course, at some point we have to say, well, beyond this point we can't go. We can't impose that kind of an obligation on the taxpayers. It kind of shocks me when I see the result here that GAO found that I indicated earlier showing that Amtrak lost $9 per passenger in 1972 and over $27 per passenger in fiscal year 1977, and they don't give it much hope of making substantial improvements and this is the thing that really disturbs me. Certainly we have got to have a national transportation system and we can't just simply say eliminate all the trains, although some people would suggest that; but we do have to decide on a point that we won't go beyond with respect to taxpayers funding.

Senator SARBANES. Well, I understand that concern and all I'm trying to get at is that because of the way the legislation is structured there's a great tendency obviously—not only tendency, almost a compulsion for the committee to say, well, either we have to reject it all or take it all. That's technically true. But on the other hand, it seems to me possible for the committee to work out in its analysis of the proposals certain principles that would govern a rejection and a resubmission which would enable you to make some distinctions between routes which really cannot carry a justification anyway you look at it and other routes which through better service would justify themselves or because of their essential nature to the economic and transportation network of a region need to be maintained.

The CHAIRMAN. Senator Schmitt.

Senator SCHMITT. Thank you, Mr. Chairman.

Thank you, Senator Sarbanes, for your testimony. I think you make some excellent points. I just happened to be in West Virginia Friday night and talked with some of the State legislators there. They had exactly the same reaction that you have and many people around the country have, which is that the States don't have time to react to this. I think we ought to set some point out there in the future that says we are going to try these kinds of things and if they aren't working then we are going to restructure, but that's what we haven't done. We haven't given anybody notice that that was going to happen. As a matter of fact, we have given them all the opposite indicators, that we are going to buy new equipment. Congress appropriated money last year for new equipment throughout all these routes, and I think that that is something we clearly have to bear in mind. Even if this route structure turns out to be eventually justified, at least we have got to give the states time to react to the proposals. We haven't done that and if for no other reason we ought to do what you suggest, reject it and work with DOT to come up with an appropriate plan. But, my biggest concern is that I've not been convinced it's the route structure that's the problem.

There may be, as you have indicated, some routes that are never going to pay for themselves, that bus or car or air is clearly the only alternative for all economic classes of Americans. But, I would submit that because of limitations that the tax structure and the regulatory structure puts on management of rail lines, because of limitations that various Federal laws and labor agreements have put on management-labor relationships, the lack of action in most respects that Amtrak has made in terms of sales and marketing, we really have not given this system a chance and the opportunity to turn it if not into a profitmaking operation, certainly one that significantly reduces the subsidy that has been required up until now.

I have made a statement rather than ask a question, but mainly in support of what you have said.

Senator SARBANES. I appreciate that.

The CHAIRMAN. Senator Exon.

Senator EXON. Senator Sarbanes, there seems to be an inconsistency in Amtrak's position. In our section of the country, while ridership is down very slightly, they maintain that that's the reason that the route should be dismissed. I say it's amazing to me that the ridership isn't down more than it is with the equipment and service that's been provided but now in your section of the country the opposite seems to be true.

I'd first like to ask is the equipment and the time schedules and the promptness of the trains generally good on the route that you have reference to, the Blue Ridge route I believe you said?

Senator SARBANES. Yes, I would—it's good enough at least that it's doubled the ridership over a 4-year period.

Senator EXON. All right. That being true, then what justification—I can see how they might develop a justification for our section of the country—I don't agree with it—but what justification do they give for eliminating the Blue Ridge route since the ridership has doubled? You still have the cost problem. You still have the gap between revenue and cost which continues to plague you. Of course, when you start talking about costs you always have to ask what are the alternatives if you are to eliminate that facility and then especially in this area of the country you really don't—you don't have an air alternative. That's not feasible in this situation and the bus alternative is not really feasible so you're putting 250,000 passengers a year sort of back on difficult private transportation is what it amounts to. If one of our objectives I think is a national energy policy, if nothing else, let alone a rational transportation policy, to avoid that, it doesn't make a lot of sense.

My point is, Senator, if your ridership is doubled, which I'm sure it has, and still losing money, we'd better first recognize the fact that if rail passenger service was economical and we're going to make a lot of money on it the private railroads probably would have continued that. So I think first we'd better recognize it's going to cost us something to maintain a viable rail service system in the United States of America.

I come back to the question, though, that certainly you're still losing money on this line, but I would suggest, although I haven't seen the figures, you're probably losing less money on this particu-

lar line than many of the other lines that Amtrak is suggesting we continue under the new route structure.

Senator SARBANES. That's right. That's a very good point. This line actually does better than most of the intercity lines which Amtrak has considered appropriate for 50–50 funding and yet with respect to this train they are proposing to go not to 50–50 funding but no Federal funding at all.

Senator EXON. But on what basis, Senator?

Senator SARBANES. I don't know the basis. I don't see a rational basis for it and that's why I'm here questioning this particular aspect of the plan.

Senator EXON. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Warner.

Senator WARNER. I pass, Mr. Chairman.

The CHAIRMAN. Senator Schmitt.

Senator SCHMITT. Mr. Chairman, just one more comment.

Senator, in reaction to Senator Exon's comment if rail could be profitmaking the private enterprise would have stayed in it, I still have a very strong feeling that there is in theory now a corporate-labor regulatory route and marketing structure that could be created to make rail transportation in this country profitable and that would be a very broadly based rail transportation system and one based on modern technology, modern management systems, and modern marketing systems rather than what we have seen in the past.

I think the rail corporations of the past just let themselves get into very serious trouble when things were going good and they never could recover and we're going to have to try among ourselves to figure out how to reset that clock and create a system that can be efficient and, if not profitmaking, certainly one with a much lower subsidy than we have today. So that's where I come from and I hope the subcommittee can work together in the next few years to try to structure such a system. I think it's there, but we can't——

Senator EXON. If the Senator would yield, I'm not saying you're wrong. You may be right, Senator Schmitt. The point I'm trying to make is what is the sense and what is the structure—as Senator Baucus has said and Senator Sarbanes has said, it would seem to me there's total inconsistency on the part of discontinuing some routes and keeping others. They give the same reasons for discontinuing the train in maybe Nevada and Nebraska but when you come back to his part of the country the opposite seems to be true, which convinces me that we could take a much harder look at the information that's been presented to us at this time and see indeed what have been the bases for the discontinuation of a specific 45- or 46-percent elimination of route structures.

Senator SCHMITT. The Senator is entirely correct and I agree with you completely on that. I think that's the problem you get into when you say the problem with Amtrak is the route structure and we have that much money we can spend and, therefore, we will start carving it out. That is how those decisions are made, and made in somewhat of a hurry I think, because most of them were made just since this budget cycle started. It's clear that many of them are going to have the same kind of inconsistency that Sena-

tor Sarbanes has mentioned. We also have heard a lot about subsidies and I think we still have to remember that the level of subsidy is very, very high for the major modes of transporation that are mentioned here as alternatives. Those subsidies are there and they are high and that's probably not an argument we ought to get ourselves into at this stage. Five years from now maybe yes, when we have done other things to make this a viable system.

Senator LONG. Might I just make one point? It seems to me if we would take some of the money that we are losing on Amtrak—the trains we're talking about discontinuing are in the main, trains that for every dollar they take in they spend $3. All right. Now if we were willing to do what we have done in building up new services and providing even railroads in the beginning, take something that looks like it might work, just buy some modern bus equipment on the routes that we're taking these trains off of and let those buses roll on those highways a little fast—let them roll out there at 70 miles per hour. Incidentally, that's what they're doing half the time anyway. But let them roll a little faster, provide more comforable seats and provide safer buses and try to provide something very modern—something that would be comfortable for the individuals that would be using it—you might have them packed in there a little tighter than a Pullman car, but you could roll them through with comfort. Then you wouldn't have to provide a meal car or they could stop somewhere and get off and get a meal. You could provide a modern service and I would think it would be a service that would pay for itself.

Now wouldn't that make better sense than keep fooling around with—if you've got that bus running down the road you've just got one bus driver driving that thing now. You haven't got a whole big crew. You haven't got five people running that thing and the bus doesn't have to—the bus does not stop and start with the rule that it's got to change drivers and five-man crew every 150 miles. That bus can roll on through and in an 8-hour day can take you a long way down the road. It can take you 500 miles. Couldn't that be a better answer than to go along here trying to provide some service that's losing $2 every time it takes in $1?

Senator SARBANES. Well, Mr. Chairman, specifically, the train discontinuance that brought me into the meeting was the Blue Ridge which leaves Martinsburg, W. Va. at 6:15 in the morning and is in Washington, D.C. at 8:30 a.m. Now you can start out from the suburbs of Washington, D.C. here at 7 in the morning and not get here until 8:30. So with respect to that train, the mode you're suggesting is just not an alternative.

In other parts of the country it may be, although I really raise the question whether we simply want to drop rail passenger service in certain regions of the country, which is what this is amounting to, and just say, well, that's a relic of a bygone day. I especially don't think it ought to be done without some very careful analysis of what the potentials are and that's why I think the committee needs to go over very carefully the DOT proposals to see whether the distinctions that are regional and valid can be made.

Senator LONG. Now you discussed in your statement the possibility of providing more modern type equipment for that particular service.

Senator SARBANES. Our problem there is just continuing to provide the facility. We have more than doubled ridership in 4 years. We have gone from 118,000 to 254,000 passengers per year from fiscal 1974 to fiscal 1978. Better equipment would help us, but we are making good use of what we've got. The way the Amtrak proposal is now—this is why I say there's faulty analysis here—they would drop this train on the 1st of October. They don't suggest that it be made a 403 train which would be 50–50 sharing between Amtrak and the State governments. They say it should be made a section 18 train, total State funding, even though the figures on this train are better than most of the existing 403 trains in terms of its costs and, in any event, our State legislatures in both States are about to finish their session for this year. They can't act to pick up this thing even if they had the will and inclination to do so. So we are facing a situation on the 1st of October where this train service is going to end.

Senator LONG. Well, I didn't get a chance to hear the beginning of your statement. I had to go over and hear what was being said in the Finance Committee, but I will go back and review it and do justice to it.

Senator SARBANES. I appreciate that.

Senator EXON. On that point, Mr. Chairman, could I maybe provide my distinguished colleague from Louisiana something that Amtrak has not gotten into, but it shows I think the lack of imagination as to what is needed in certain sections of the country. In talking about a bus, you made reference in this committee 2 or 3 weeks ago about the fact that a certain highway down in your area was torn asunder after it was on the line for 2 or 3 years or something like that.

Senator LONG. Yes.

Senator EXON. I'm not against bus transportation because it's a vital part of our rural transportation system. However, to show the lack of ingenuity and foresight, there's a company that's come up with what's called the SPV–2,000 which is a bus that has a bus diesel engine in it and it rolls down the rails. It can be operated by one engineer and it goes backward and forward. It seems to me things like this in the modern transportation area that we're trying to work to, especially as you pointed out, Senator Long, the fact that certainly it makes more sense from an energy conservation standpoint to put people in trains, we have certainly got to give some thought to the process, at least the possibility of adding to our transportation system with a more functional, possibly a more convenient and maybe less expensive way than even bus transportation.

Senator LONG. Well, these people are developing a way—they haven't perfected it to the extent it ought to be, but they are developing a way that you could put tires on something like that and so you can roll down the rails to get to the heart of town and at that point you can lower your wheels and you could lift the rails as the case may be, and go right on where you want to go, right on down the city streets, and so instead of dumping those people out where they have got to get off the thing and get in a taxi cab or walk or something, at some point—you couldn't do it at Union Station, but before you get there, at some point either the front car

or the rails go under independent power, simply lift up—drop their wheels, lift up their rails and that is steel wheels, and just roll right on down the street and take people to the office buildings and down Constitution Avenue where people want to go.

Now you'd have a far better service if you did that and meanwhile you would bypass all that congested traffic getting them into the heart of town. The rails, as far as a potential of getting people to the heart of the city in the morning and getting them out in the evening are the most neglected asset we have. There they sit. I know in my home town there they sit at 5 o'clock, everybody bumper to bumper, half the time standing still, and when they're moving they're moving at 5 miles per hour on the interstates, and there you have the rails without anything on them. Try to get across the bridge to try to get to National Airport between the Capitol and National Airport between 5:30 and 6 in the afternoon and the whole thing moves like molasses and there the rails sit without a thing on them, just sitting there. There you sit on the interstate cussing and waiting for somebody to move and the rails sit there with nothing on them. If we could use those about the time when you have the commuters moving in and out, they could take a lot of pressure off and a huge number of people. It's just a matter of trying to modernize the technology of how you do it. There's no point in putting a five-man crew on there just to move the train across the river and get a bunch of people on it and do like they do in the subway with one driver and a horde of people to get them there in a hurry.

Well, thanks very much.

[The statement follows:]

STATEMENT OF HON. PAUL S. SARBANES, U.S. SENATOR FROM MARYLAND

Mr. Chairman and members of the subcommittee, I appreciate the opportunity to submit this statement before the Surface Transportation Subcommittee during hearings on the Final Report to the Congress on the Amtrak Route System submitted by the Department of Transportation. There are several concerns which I have with regard to the reductions in service which will result in the new route structure. Amtrak's ridership has increased in the last several years, and serious consideration should be given to the possibility that the building enthusiasm for intercity rail travel may be dampened in such a degree as to prohibit any recovery. Maryland citizens have been particularly attracted to rail travel, and ending the Blue Ridge intercity week-day service and reducing the number of trains through Baltimore can only discourage rail travel and force higher use of the automobile.

To focus on more particular concerns, I am struck by the manner in which DOT treats the Blue Ridge by restructuring it to weekends after October 1, 1979. The Blue Ridge is an important intercity train serving Martinsburg and Harpers Ferry, W. Va.; Brunswick, Gaithersburg, and Rockville, Md. and Washington, D.C. as well as patrons from Virginia and Pennsylvania. Patronage of this train has increased from 118,900 in fiscal year 1974 to 253,900 in fiscal year 1978. This increase has occurred in the absence of any real marketing effort. In addition, the Blue Ridge generates more passenger miles per train than any of the state assisted trains listed on table 4-3 of the DOT Report and, according to DOT's own figures, loses less per passenger mile than most of the 403(b) services. For these reasons it is my belief that the service offered by the Blue Ridge should not be reduced as recommended in the Report.

Another aspect of the DOT treatment of the Blue Ridge which troubles me is that there is no real opportunity for Maryland and West Virginia or any of the other jurisdictions to participate in its operation. The Maryland General Assembly will adjourn on April 20, 1979 a date which will arrive before Congress is likely to have voted on the pending resolutions of disapproval of the route structure. It is my understanding, that the West Virginia legislature will also be adjourning shortly. The hundreds of Blue Ridge passengers from each of these jurisdictions will there-