

The Voice of the Railroad Passenger



*Support officials who support
good passenger service.*

from
**NATIONAL ASSOCIATION OF
RAILROAD PASSENGERS**

March, 1970

Vol. 4, No. 3

SENATE COMMITTEE APPROVES "LANDMARK" PASSENGER NETWORK PLAN

**"Will Battle PC Mass Abandonment
with all Resources" – NARP**

NARP has announced it will fight "with all our resources" before the Interstate Commerce Commission and in the courts the Penn Central's proposal for the mass discontinuance of 48 east-west passenger trains. (See Map P. 2)

NARP charged PC with "abdicating its public responsibility as a common carrier" and contended the railroad's financial problems stem from "short sightedness and managerial ineptitude."

PC announced its massive passenger service abandonment plans on March 4. Up for discontinuance are such famous trains as the New York-Chicago "Broadway Limited," the New York-St. Louis "Spirit of St. Louis" and the Cincinnati-Chicago "James Whitcomb Riley."

NARP Chairman Haswell, in a formal statement, contended PC's plan would "totally wreck passenger service to Chicago and throughout the midwest. It would make impossible the building of a rational passenger service network... and would drastically dislocate the passenger business of connecting roads.

"This case will decide the future of passenger service in our country," Haswell declared. "We call on Congress, the ICC, and the Department of Transportation to take whatever action is necessary to prevent this carrier, which handles 40% of the total U.S. passenger business, from getting away with this flagrant disregard of the public need."

(Continued on P. 2)

The first major piece of inter-city rail passenger legislation since Sen. Pell's High Speed Ground Transportation Act of 1965 has been approved by a Senate Committee with resounding bipartisan approval.

The "Rail Passenger Service Act of 1970" cleared the Senate Commerce Committee by a vote of 12-4 on March 12. It is expected to be acted upon in the Senate sometime in April.

This landmark bill is supported by Committee Chairman Magnuson (D-Wash.) and Minority Leader Hugh Scott (R-Pa.), clearly indicating that support for good rail passenger service crosses party lines.

The measure, resulting from months of work by Senator Hartke (D-Ind.) and members of the Surface Transportation Subcommittee, provides \$435 million over a 4-year period to railroads operating trains designated by the Secretary of Transportation as part of a "National Rail Passenger System" (NRPS).

Railroads would be required to operate NRPS trains but would be eligible for an operating subsidy amounting to "a just and reasonable sum not to exceed the avoidable costs, less (passenger) revenues."

The secretary would have full authority over trains in the system concerning adequacy of service, equipment consist and scheduling. The bill authorizes \$60 million a year for four years for operating subsidies.

The secretary would also be authorized to buy new cars and locomotives, and purchase existing equipment for rehabilitation, for use in an equipment pool. Railroads and regional trans-

(Continued on P. 3)

NARP Will Fight ICC-Approved Plan of Carriers to Wreck the "Zephyr"

NARP intends to fight the Southern Pacific and Denver & Rio Grande Western's calculated attempt to sabotage the *California Zephyr*.

As reported in our last newsletter, NARP conditionally went along with the Interstate Commerce Commission's order of Feb. 13 – which allowed the two carriers to come up with a proposal for thrice weekly service – on the assumption that the Commission would require fully adequate and reasonable service. The ICC order also substituted the SP route for that of the financially-weak Western Pacific.

Shortly after the ICC decision, rumors circulated that SP and D&RGW were planning the interchange by either a bus transfer between Salt Lake City and Ogden or an across-the-platform transfer at Ogden.

In light of these rumors, NARP on March 3 wrote to ICC Chairman George M. Stafford saying we had heard reports that the ICC and the carriers were privately discussing interchange and other operating arrangements; if true, NARP said, we want equal time on behalf of the public. We never received a reply.

On March 6, NARP filed a petition with ICC asking for reconsideration and clarification of the Commission's initial order

on the grounds that the ICC had clearly contemplated through service with no change of trains. A similar petition was filed by the state of California.

On March 10, our attorney, Andrew P. Goldstein, discovered that the SP, in a letter dated March 3, had described to the ICC its proposed schedule changes. It is believed these changes had been the subject of private conversations between the carriers and the ICC. SP itself did not make its letter available to the public or the parties concerned in the legal action, and nor did the ICC, except to those who had uncovered the letter's existence.

The letter made clear in our minds the carriers' intention to defy the ICC's order.

For example, the new schedules would require eastbound passengers to change trains at Ogden at 7:10 a.m. Westbound travelers would have to make the transfer at 10:20 p.m., or later, given the D&RGW's miserable on-time performance.

Mainly, the trains would traverse the most scenic parts of the carriers' routes in darkness or in the early morning hours.

On top of that, the schedules are obviously designed to

(Continued on P. 4)

NARP Tells Congress ICC's Outdated Accounting Formula Inflates Real Passenger Losses

NARP Chairman Anthony Haswell has called on Congress to request the Interstate Commerce Commission to discontinue the use of accounting methods that exaggerate the railroads' passenger losses. He charged the ICC with "bureaucratic rigidity, inconsistency and hesitation to act in a way offensive to a regulated industry."

Haswell testified at an "Oversight" hearing on the ICC before the Senate Commerce Committee on March 16. At the same hearing, consumer advocate Ralph Nader, in a scathing attack on the Commission, called for the ICC's abolition.

The NARP criticism was directed to two major points: inflated passenger deficit figures produced through the "fully allocated" formula, and the ICC's "lack of responsiveness" in protecting the rail passengers' interests.

Generally, there are two ways of computing passenger losses: "Avoidable Loss" — expenses that no longer would be incurred after discontinuance of a passenger service. The avoidable loss is the excess of these expenses over passenger revenues. "Fully Allocated" — the avoidable losses plus a proportionate share of expenses for track maintenance, terminals and other fixed charges which a carrier would pay even if there were no passenger service at all.

Haswell pointed out that although the ICC and the Association of American Railroads have agreed that the "fully allocated" figure does not represent actual losses, the ICC continues to require the carriers to include this figure in their report forms. Because this formula produces much higher deficit figures than the "avoidable" method — about \$500 million compared to \$150 million on a current annual basis — some rail industry leaders persist in using the inflated figure, Haswell stated. He cited 29 instances between 1963 and 1970 in which rail officials, including Penn Central Chairman Stuart Saunders and Northern Pacific President Louis W. Menk, had publicly used the fully allocated figures.

Nader's Charges in Brief — The ICC is a "captive" of the industries it is responsible for supervising; the ICC's performance is impeded by "years of influence peddling, incestuous job interchange with industry"; findings of his group are "a classic illustration of how government powers can be appropriated by the industry it is supposed to regulate"; and the ICC has constructed "substantial" barriers to free entry into the transportation industry by those presently outside it. (From WASHINGTON POST, 3/17/70)

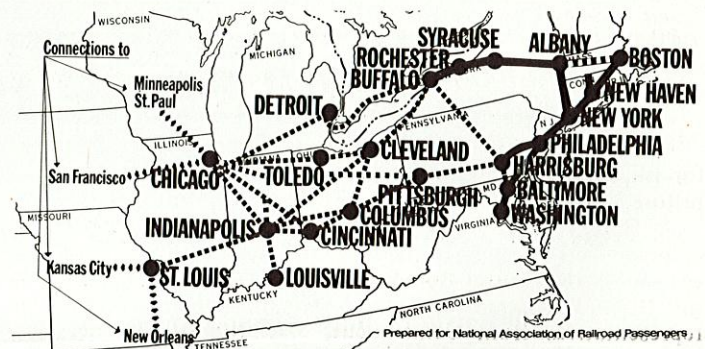
"The full cost formula was devised as a basis for prescribing freight rates and passenger fares during the days when railroads had a substantial monopoly on passenger as well as freight transportation," Haswell pointed out. "Under those circumstances, it was important to determine what portion of common or overhead expenses should be borne by freight shippers and what portion by passengers. Clearly the formula has no relevance today. Not only is it impossible to charge passengers a fare which will contribute to common expenses, but in most instances, passenger revenues fall considerably short of covering the avoidable expenses of that service. . .

"The Commission's failure to modernize its financial reporting rules in this respect has given the railroad a priceless propaganda weapon in their campaign to discontinue passenger service," Haswell continued. "In recent years, the formula figures have been repeatedly cited by the railroads both in support of specific discontinuance applications and in support of their general contention that passenger service is hopeless. The larger the loss can be made to appear, the more support for discontinuance there will be from shippers and shareholders and the less opposition from the public. . . The public is thus discouraged from opposing discontinuance applications and suggesting constructive solutions to save the trains, while shippers are frightened into be-

PC MASS ABANDONMENT PLANS (from P. 1)

Haswell said although legislation is before Congress which would provide subsidies and other assistance to passenger railroads for the creation of a modern passenger network, "the Penn Central has never seriously worked for passage" of this legislation.

"The railroad's action clearly suggests that PC wants to rid itself of railroad operations entirely and function as a diversified conglomerate," Haswell charged.



WHAT PC's PASSENGER SERVICE ABANDONMENT PLAN WOULD DO — The broken lines on this map show PC passenger rail service that now exists but would be eliminated if the railroad's petition for discontinuance of all its east-west service were granted. Urban centers with a total population of over 50 million would be affected. All direct rail connections between New York and Chicago and New York and St. Louis via such cities as Philadelphia, Newark, Harrisburg, Pittsburgh, Fort Wayne, Albany, Syracuse, Buffalo, Cleveland, Toledo, Columbus, Cincinnati and Indianapolis would be severed.

"In 1970, the press and public have made clear that they recognize the urgent need for a rail passenger revival in face of the growing congestion on the highways and airways," Haswell said. "The success of PC's own *Metroliner* is proof of this need. Now is not the time for the PC to abandon needed intercity service and destroy what remains of America's once-great passenger network. PC's short-sightedness and managerial ineptitude must not be rewarded."

NARP said if its correspondence from its members and others throughout the country is any indication, "Penn Central has driven hundreds of thousands of passengers off its trains by deliberately downgrading service. . ."

NARP IS MOVING

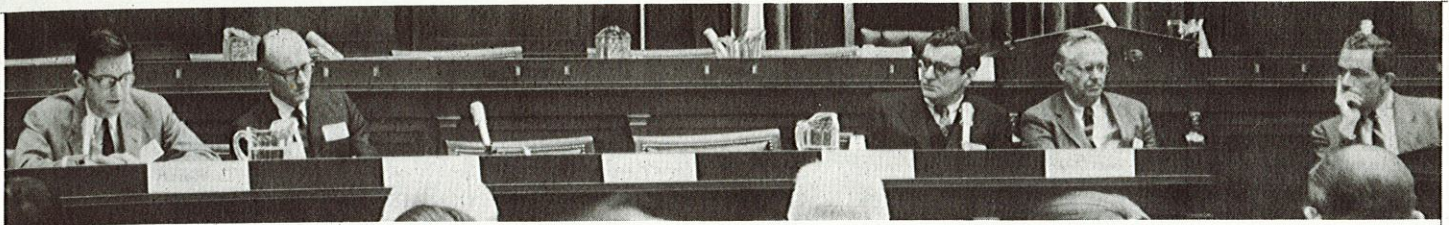
On Monday, April 6, NARP will be officially installed in new offices at 417 New Jersey Ave., S.E., Washington, D.C.

The new address is a few doors away from the present location. We will occupy the third floor and part of the second. The offices have been tailored to meet the requirements of a growing membership and greatly stepped-up activity.

believing that the huge formula deficits are being made up by higher freight rates, and thus are encouraged to support abolition of passenger service," he declared.

NARP does not dispute that passenger losses are real and serious, Haswell said, but the difference between an alleged loss of \$500 million and a real loss of \$150 million "is the difference between whether or not passenger service is a hopeless case." With restructured routings, new equipment, revised operating practices and vigorous promotion, losses could be reduced to the point "where it would be more than justified by the benefit to the public," he asserted.

In his other criticism of the ICC, Haswell cited, among other things, the three and a half years it took the Commission to simply reaffirm its previous position that it lacked authority to impose decent standards of service on passenger trains. NARP is currently suing the ICC in court, to force it to assume the authority which the Association contends the Commission possesses under the Interstate Commerce Act.



NARP Chairman Haswell (left) expresses the Association's support for the CIPS program. Others, left to right: Vermont Public Service Board Chairman Ernest W. Gibson; Rep. Robert O. Tiernan (D-R.I.), CIPS co-chairman; Robert Nelson, CIPS counsel and former director of the U.S. High Speed Ground Transportation program; Sen. Claiborne Pell (D-R.I.), father of the Northeast Corridor high speed service and a member of NARP's Advisory Board.

NARP Offers "Full Cooperation" to New England Rail Revival Group

NARP has offered its "full cooperation" to the Committee for Improved Passenger Service (CIPS) in the group's efforts to restore and upgrade rail service in the New England area.

CIPS is a recently-organized group supported by personal contributions of members of the New England Congressional delegation. NARP's offer followed a capacity-crowd initial meeting of CIPS in Washington attended by Congressional, state and civic representatives from Connecticut, Massachusetts, Maine, New Hampshire, Rhode Island and Vermont on February 26. The meeting was co-chaired by Rep. James A. Burke (D-Mass.) and Rep. Robert O. Tiernan (D-R.I.), the latter serving as moderator. Sen. Claiborne Pell (D-R.I.), a member of NARP's advisory board, and NARP's Chairman Anthony Haswell were among the panel members.

The major theme running through virtually all of the formal presentations was that air and highway traffic is reaching or has reached the saturation point and the only feasible means of breaking the logjam is through reinstated and improved rail service. Many speakers called for a high-speed *Metroliner*-type service linking major New England cities.

Sen. Pell declared that he had never seen the condition of rail passenger service "in worse shape. I do not think Congress can afford to await a Presidential message which may never come. I think it is imperative that the Committee act now."

He urged approval of his bill establishing intercity passenger rail authorities in New England and throughout the country.

Haswell suggested that in any program to establish a high-speed authority, fixed facilities be built with public funds and that private carriers provide equipment and pay user charges. He pointed out that substantial public money has been used for highway and air facilities.

Haswell expressed the belief that when Boston-New York high-speed service gets on a sound footing, "there will be an irresistible demand for good connecting service to and from the major cities of New Hampshire and Maine."

Rep. Burke said air and road congestion makes "the inception of highspeed ground transportation in New England an item of highest priority." One encouraging sign, he said, is that the railroads "have finally begun to face up the fact that they are not going to be allowed to get completely out of the passenger business." There is a substantial market for intercity rail service, he declared, but to tap this market the railroads "have a generation of neglect to overcome. . . .

"We in New England must face the facts — either we start now to take steps to remedy the chaotic problems that lie ahead or we allow the states of Connecticut, Rhode Island, Massachusetts, New Hampshire, Vermont and Maine to die on the vine," he said.

Rep. Burke offered figures from the Division of Public Roads showing that from fiscal 1965 through (estimated) 1970, the U.S. government has poured \$24,753,000,000 (billion) into highway construction.

He expressed the hope that the CIPS group "will ignite a spark to awaken New England to a real problem that requires immediate and further action."

Massachusetts Governor Francis W. Sargent told the group of his recent decision "to reverse Massachusetts's transportation

policy" by giving new attention to rail transportation.

"Highway construction had dominated our transportation thinking, yet roads clogged by rush-hour traffic had demonstrated that highways alone were not the solution," he stated.

Others serving on CIPS' panel were Sen. Edward W. Brooke (R-Mass.); Rep. Torbert H. Macdonald (D-Mass.); Rep. Peter M. Kyros (D-Me.); Mayor Kevin W. White of Boston; Ernest W. Gibson, III, chairman, Vermont Public Service Board, and CIPS' Counsel Robert Nelson, former U.S. director of high speed ground transportation. Another high-level meeting is scheduled for an early date.

"LANDMARK" PASSENGER BILL (from P. 1)

portation authorities operating trains in the system would be eligible to lease the pool equipment. For this capital assistance, \$195 million is earmarked over a four year period.

The bill retains ICC jurisdiction in part over passenger service. In setting up the system, the Secretary of Transportation would act in cooperation with the ICC and other Federal agencies concerned. Section 13 (a) of the Interstate Commerce Act is modified to allow discontinuance of a train not in NRPS unless ICC finds there is "no practical alternative transportation available" or the train will be paid for by local, regional or state authorities.

Conversely, the ICC could not allow discontinuance of a train in the NRPS as long as federal assistance is available to it.

So that the system would have a fair test, for 16 months after the bill is enacted railroads would be barred from filing for discontinuances of their trains in the NRPS.

The intention of the framers of the bill, which incorporates Sen. Tydings' (D-Md.) car pool bill and Sen. Pell's (D-R.I.) standards of service measure, is to create a basic intercity network, properly run with good equipment. At the outset, it would result in a reduced number of trains, but it would create, for the first time, a rational, coordinated system which could be built upon.

During Committee deliberations, Sen. Prouty (R-Vt.) offered as a substitute a modified version of the Administration's stalled "Railpax" proposal to establish an independent Comstat-type corporation to operate a national system. It would be partially financed by federal funds — \$40 million direct and \$100 million in loan guarantees — and by stock purchases by railroads seeking to get out of the passenger business.

When his alternative was not accepted, Sen. Prouty voted for Sen. Hartke's omnibus bill because he believed "something had to be done."

While NARP strongly supports the basic provisions of the NRPS bill, we also support the concept of an independent corporation to run passenger trains.

Whatever the outcome in the Senate, it is clear that members of both parties are determined to act this year to save passenger service from destruction.

It is quite evident that there is consensus that public policy requires the operation of passenger trains as an essential part of our national transportation system.

There will be a long fight ahead: action by the full Senate, the House Commerce Committee and the full House. The House committee is expected to begin deliberation soon on its own legislation. The important thing is that action has been taken and wheels have begun to turn.



NATIONAL ASSOCIATION OF RAILROAD PASSENGERS

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MEETING NOTICE

The National Association of Railroad Passengers will hold its annual meeting at 2 p.m., Tuesday, April 28, 1970, in the National Lawyers' Club, 3rd Floor, Federal Bar Bldg., 1815 H St., N.W., Washington, D.C.

Railroads' Latest Anti-Passenger Moves Generate New Support for NARP

Public anger and concern over new moves by rail management to further erode passenger service, coupled with intensified promotional efforts on behalf of NARP, have resulted in a new upsurge of support for the Association.

Shortly after Penn Central announced its massive discontinuance plans, NARP had its best membership day in its history, with 60 new adherents joining our ranks. A large volume of letters have expressed indignation over PC's move and a new determination to fight.

Members are upgrading their dues categories in increasing numbers, and we have already had a gratifying response to our fund-raising drive, announced in the last newsletter.

Our regional membership program has been further strengthened by the naming of four new chairmen:

- Southern California — James H. Griffin, Esq.
- San Francisco Bay Area — Scott Schiechl, San Francisco.

(Mrs. Pauline Koch, Los Angeles, a NARP Advisory Board member, is California Membership Coordinator. California is NARP's largest membership state).

- Wisconsin — Mrs. Pat Viets, Green Bay.
- Eastern Pennsylvania — Thomas Coval, Springfield, Pa.

NARP has a number of projects completed or in work to strengthen and expand our efforts. These include promotional posters and localized advertising; a program for cooperation with Environmental Teach-Ins; extensive direct-mail membership and fund-raising efforts; additional national advertising, including a full page in **RAILROAD** magazine, off the press in April, and intensified publicity in all media.

Promotional Posters — 11 X 14 in., blue printing on white card with NARP insignia, urging readers to join NARP. Available without charge to members who can make good use of them. Mark requests, "Posters." (DO NOT POST ON OTHERS' PROPERTY WITHOUT SPECIFIC PERMISSION OF PROPER AUTHORITY).

Localized Advertising — prepared in response to offers by members to buy space at their own expense in local papers or other publications to promote NARP membership. On request, we will supply "repro" proofs ready for printing. Ad, with coupon, is 2 columns wide, about 7 in. deep (total 200 lines). Mark requests, "Local ad copy."

FRIENDS OF THE RAILROAD PASSENGER

- 5 - SEN. WINSTON L. PROUTY

Sen. Prouty is a legislator with a solid business background who firmly believes that good rail passenger service is good for the country. As ranking Republican member of the Senate Subcommittee on Surface Transportation, the Vermont senator has been a powerful voice for a rational transportation system with railroads playing their proper role.



Before coming to Congress, he served three terms as mayor of his native city of Newport and three terms in the Vermont House of Representatives, holding the speakership in his last term. He was first elected to Congress in 1950, serving four terms in the House. In 1958 he was elected to the Senate

and re-elected in 1964. Sen. Prouty says: "Our country has found it to be sound business to encourage air and highway travel for an increasingly mobile population. By the same token, it is sound business to encourage the revival of one of the most efficient means of moving people from place to place in safety and comfort — the passenger train. In my own state of Vermont good rail service could make an important contribution to our growing tourist industry. The train does the least damage to the natural environment and gives visitors an unequalled chance to see it."

Why We're Delayed

This issue of the newsletter is late in reaching you because of last-minute developments on the *Zephyr* and the postal strike.

NARP FIGHTS "ZEPHYR" SCHEME (from P. 1)

miss connections with other trains. Eastbound, with Chicago arrival at 6:30 p.m. instead of the previous 2:05 p.m., connections with no less than 15 trains would be missed, including service to New York and Washington.

In spite of this, on March 20 the ICC, by a vote of 6-4, acquiesced to the carriers' proposed downgrading and flagrantly improper scheduling and issued a supplemental order authorizing the wretched SP-D&RGW plan to take effect on that day. The ICC did, however, permit 30 days for petitions asking reconsideration of its orders.

The situation has been further complicated by a Burlington petition to discontinue its portion of the *Zephyr* between Chicago and Denver and substitute trains 11 and 12, to be run thrice-weekly from Omaha to Denver to connect with whatever the D&RGW intends to operate under the name of the *California Zephyr*.

On March 19, the ICC announced it was suspending and investigating the BN's proposals. However, on March 23, the ICC reversed itself, allowing the BN to discontinue its *Zephyr* trains and to operate its trains 11 and 12 thrice-weekly in connection with the D&RGW's trains, subject only to a later investigation. This reversal was based on the ICC's March 20 order authorizing thrice-weekly service by the SP and D&RGW.

As this newsletter goes to press, NARP is exploring action to stop this connivance between the railroads and the ICC to destroy this once proud train. If allowed to remain in effect, the *Zephyr* will soon be a ghost train — which is exactly what the carriers want it to be.

By October of this year, when the carriers can resume their wrecking program, they will, by their own actions in which the ICC apparently acquiesces, have piled up enough losses to enable them to ask the Commission to officially pronounce dead a train they have already killed.