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NATIONAL RAILROAD PASSENGER CORPORATION

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HEARING

BEFORE THE

SUBCOMMITTEE ON SURFACE TRANSPORTATION

OF THE

COMMITTEE ON COMMERCE

UNITED STATES SENATE

NINETY-SECOND CONGRESS

FIRST SESSION

ON

S.J. Res. 88

AUTHORIZING ADDITIONAL APPROPRIATIONS TO THE SECRETARY OF TRANSPORTATION FOR THE PURPOSE OF PROVIDING URGENTLY NEEDED INTERCITY RAIL PASSENGER SERVICE AROUND THE NATION AND FOR THE PURPOSE OF RESEARCH AND DEVELOPMENT IN THE FIELD OF HIGH-SPEED GROUND TRANSPORTATION, AND FOR OTHER PURPOSES

S. 1018

TO AMEND THE RAIL PASSENGER SERVICE ACT OF 1970 IN ORDER TO EXPAND THE BASIC RAIL PASSENGER TRANSPORTATION SYSTEM TO PROVIDE SERVICE TO CERTAIN STATES

S. 1380

TO AMEND THE RAIL PASSENGER SERVICE ACT OF 1970

S. 1639

TO PROVIDE AN ADDITIONAL PERIOD OF TIME FOR REVIEW OF THE BASIC NATIONAL RAIL PASSENGER SYSTEM; TO POSTPONE FOR SIX MONTHS THE DATE ON WHICH THE NATIONAL RAILROAD PASSENGER CORPORATION IS AUTHORIZED TO CONTRACT FOR PROVISION OF INTERCITY RAIL PASSENGER SERVICE; TO POSTPONE FOR 6 MONTHS THE DATE ON WHICH THE CORPORATION IS REQUIRED TO BEGIN PROVIDING INTERCITY RAIL PASSENGER SERVICE AND FOR OTHER PURPOSES

APRIL 28, 1971

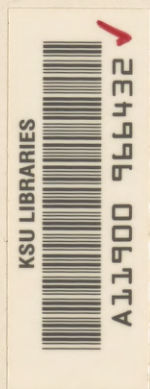
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NATIONAL RAILROAD PASSENGER CORPORATION

WEDNESDAY, APRIL 28, 1971

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

The subcommittee met at 10:05 a.m. in room 5110, New Senate Office Building, Hon. Mark O. Hatfield, presiding.

Present: Senators Magnuson (chairman of the committee), Hartke, Cotton, and Hatfield.

Senator HATFIELD. The hearing will please come to order.

Several Members of Congress have raised serious objections to the national rail passenger system as conceived by the incorporators of the National Railroad Passenger Corporation. There are a number of bills before this committee which in one way or another would correct these defects in the system.

The purpose of this series of hearings is to provide the committee with a chance to hear more about the problems and the proposed solutions to those problems.

(The bills and agency comments follow:)

Staff member assigned to this hearing: A. Daniel O'Neal.

(1)

92D CONGRESS
1ST SESSION

S. J. RES. 88

IN THE SENATE OF THE UNITED STATES

APRIL 19, 1971

MR. TAFT (for himself, Mr. ALLOTT, Mr. BEALL, Mr. BURDICK, Mr. HATFIELD, Mr. JORDAN of Idaho, Mr. MCGEE, Mr. MANSFIELD, Mr. METCALE, Mr. MOSS, Mr. PACKWOOD, Mr. PEARSON, Mr. SAXBE, and Mr. YOUNG) introduced the following joint resolution; which was read twice and referred to the Committee on Commerce

JOINT RESOLUTION

Authorizing additional appropriations to the Secretary of Transportation for the purpose of providing urgently needed intercity rail passenger service around the Nation and for the purpose of research and development in the field of high-speed ground transportation, and for other purposes.

- 1 *Resolved by the Senate and House of Representatives*
- 2 *of the United States of America in Congress assembled,*
- 3 That there is authorized to be appropriated to the Secretary
- 4 of Transportation in the fiscal year 1972, \$250,000,000 for
- 5 expenditure by him to provide additional intercity rail trans-
- 6 portation under section 2 of this Act and for the purpose of
- 7 research and development in the field of high-speed ground

1 transportation under section 3 of this Act. Amounts appro-
2 priated under this section are authorized to remain available
3 until expended.

4 SEC. 2. (a) Of the amounts appropriated under section
5 1 of this Act, 75 per centum shall be used by the Secretary
6 of Transportation to make grants to the National Railroad
7 Passenger Corporation for the purpose of initiating and
8 operating urgently needed intercity rail passenger service
9 around the Nation, including but not limited to, the routes
10 designated by the National Railroad Passenger Corporation
11 for service effective May 1, 1971, and the following addi-
12 tional routes:

13 (1) Buffalo, New York, to Chicago, Illinois, via Erie,
14 Pennsylvania; Cleveland, Ohio; Toledo, Ohio; and South
15 Bend, Indiana.

16 (2) Detroit, Michigan, to Toledo, Ohio.

17 (3) Denver, Colorado, to Portland, Oregon, via Chey-
18 enne, Wyoming; Ogden, Utah; and Boise, Idaho.

19 (4) Fargo, North Dakota, to Portland, Oregon, via
20 Billings, Montana; Butte, Montana; Spokane, Washington;
21 Hinkle, Washington.

22 (5) Denver, Colorado, to San Francisco, via Cheyenne,
23 Wyoming; Ogden, Utah; and Wells, Nevada.

24 (6) Washington, District of Columbia, to Cleveland,

1 Ohio, via Cumberland, Maryland; Pittsburgh, Pennsylvania;
2 Youngstown, Ohio; and Akron, Ohio.

3 (b) In any case in which the Secretary of Transporta-
4 tion makes a grant to the National Railroad Passenger Cor-
5 poration from amounts appropriated under section 1 of this
6 Act, he shall negotiate with the Corporation the terms of
7 an agreement providing that, if the route initiated and
8 operated by the Corporation with such grant becomes a
9 profitmaking route, the Corporation will agree to make
10 reasonable payments to the Secretary (out of such profits)
11 by means of installments until such time as the grant with
12 respect to such route has been repaid in full. Amounts re-
13 ceived by the Secretary under any agreement negotiated
14 under this section shall be covered into the Treasury as
15 miscellaneous receipts.

16 SEC. 3. Of the amounts appropriated under section 1
17 of this Act, 25 per centum shall be used by the Secretary
18 of Transportation to undertake research and development
19 in high-speed ground transportation, including but not limited
20 to, components such as materials, aerodynamics, vehicle
21 propulsion, vehicle control, communications, right-of-way
22 research and development, and guideways, in accordance
23 with the provisions of section 1 of the Act of September 30,

1 1965, relating to research and development in high-speed
2 ground transportation (49 U.S.C. 1631).

3 SEC. 4. (a) The first sentence of section 403 (c) of the
4 Rail Passenger Service Act of 1970 (84 Stat. 1336) is
5 amended to read as follows: "For the purposes of this
6 section, the reasonable portion of such losses, not to ex-
7 ceed an aggregate of \$5,000,000 annually, to be assumed
8 by the State, regional, or local agency shall be $33\frac{1}{3}$ per
9 centum of the solely related costs and associated capital
10 costs, including interest on passenger equipment, less reve-
11 nues attributable to such service, and the reasonable portion
12 of any such losses in excess of \$5,000,000 annually to be
13 so assumed shall be $66\frac{2}{3}$ per centum thereof."

14 (b) The first sentence of section 404 (b) (4) of such
15 Act (84 Stat. 1336) is amended to read as follows: "For
16 the purposes of paragraph (3) of this subsection, the rea-
17 sonable portion of such losses, not to exceed an aggre-
18 gate of \$5,000,000 annually, to be assumed by the State,
19 regional, or local agency shall be $33\frac{1}{3}$ per centum of the
20 solely related costs and associated capital costs, including
21 interest on passenger equipment, less revenues attributable
22 to such service, and the reasonable portion of such losses
23 in excess of \$5,000,000 annually to be so assumed shall be
24 $66\frac{2}{3}$ per centum thereof."

92D CONGRESS
1ST SESSION

S. 1018

IN THE SENATE OF THE UNITED STATES

FEBRUARY 26 (legislative day, FEBRUARY 17), 1971

Mr. CHURCH introduced the following bill; which was read twice and referred to the Committee on Commerce

A BILL

To amend the Rail Passenger Service Act of 1970 in order to expand the basic rail passenger transportation system to provide service to certain States.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That title II of the Rail Passenger Service Act of 1970 is
4 amended by inserting at the end thereof a new section as
5 follows:

6 **"SEC. 203. EXTENSIONS OF BASIC SYSTEM AFTER INITIAL**
7 **DESIGNATION.**

8 "The Secretary shall, within sixty days after the effec-
9 tive date of this section, designate an extension of the basic
10 system to provide adequate intercity rail passenger service

1 to a major population area of each of the contiguous forty-
2 eight States which did not have any large population area
3 provided with intercity rail passenger service by the basic
4 system designated pursuant to section 201. Extensions pur-
5 suant to this section shall be part of the basic system for all
6 purposes of this Act and the designation of such extensions
7 shall not be reviewable in any court."

92^D CONGRESS
1ST SESSION

S. 1380

IN THE SENATE OF THE UNITED STATES

MARCH 25, 1971

Mr. METCALF (for himself and Mr. MANSFIELD) introduced the following bill;
which was read twice and referred to the Committee on Commerce

A BILL

To amend the Rail Passenger Service Act of 1970.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That title IV of the Rail Passenger Service Act of 1970
4 is amended by inserting at the end thereof a new section as
5 follows:

6 "SEC. 406. PUBLIC CONSIDERATION IN RETURN FOR DIS-
7 CONTINUANCE OF SERVICE.

8 “(a) Notwithstanding any provision of this or any other
9 Act no railroad holding title of any kind to lands, other than
10 rights-of-way, which were received as a grant (not including
11 any purchase) from the Federal Government shall discon-

1 tinue, after May 1, 1971, any passenger or freight service
2 regularly provided prior to such date unless such railroad re-
3 conveys to the United States all right, title, and interest (in-
4 cluding mineral rights) held by such railroad in an amount of
5 such land equal to one hundred acres for each mile of service
6 discontinued.

7 “(b) For the purpose of this section the term ‘right-of-
8 way’ means land within 300 feet on either side of a railroad
9 track regularly used on May 1, 1971, for the provision of
10 freight or passenger transportation service to the public.”

92D CONGRESS
1ST SESSION

S. 1639

IN THE SENATE OF THE UNITED STATES

APRIL 22, 1971

Mr. McGEE introduced the following bill; which was read twice and referred to the Committee on Commerce

A BILL

To provide an additional period of time for review of the basic national rail passenger system; to postpone for six months the date on which the National Railroad Passenger Corporation is authorized to contract for provision of intercity rail passenger service; to postpone for six months the date on which the Corporation is required to begin providing intercity rail passenger service, and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 202 of the Rail Passenger Service Act of 1970
4 is amended by striking out "thirty days" and inserting in lieu
5 thereof "one hundred and eighty days", and by striking out
6 "ninety days" and inserting in lieu thereof "two hundred
7 and forty days".

1 SEC. 2. (a) Section 401 (a) (1) of such Act is amended
2 by striking out "May 1, 1971" each place it appears and in-
3 serting in lieu thereof in each such place "November 1,
4 1971".

5 (b) Section 401 (b) of such Act is amended by strik-
6 ing out "May 1, 1971" each place it appears and inserting in
7 lieu thereof in each such place "November 1, 1971".

92^D CONGRESS
1ST SESSION

S. J. RES. 88

IN THE SENATE OF THE UNITED STATES

APRIL 19, 1971

Referred to the Committee on Commerce and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. TAFT (for Mr. PEARSON) to S.J. Res. 88, a resolution authorizing additional appropriations to the Secretary of Transportation for the purpose of providing urgently needed intercity rail passenger service around the Nation and for the purpose of research and development in the field of high-speed ground transportation, and for other purposes, viz: That section 2 (a) of S.J. Res. 88 be amended by adding, at the end thereof, the following.

- 1 (7) Kansas City, Missouri to Denver, Colorado, via
- 2 Topeka, Manhattan, Junction City-Fort Riley, Abilene,
- 3 Salina, and Hays, Kansas.

Amdt. No. 36

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., April 23, 1971.

HON. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate.

DEAR MR. CHAIRMAN: Reference is made to your letter of March 8, 1971, requesting our comments on S. 1018, which would amend the Rail Passenger Service Act of 1970, Pub. L. 91-518, 84 Stat. 1327, to require the Secretary of Transportation to expand the basic rail passenger transportation system to provide service to a major population area in each of the 48 contiguous States which would not have such service under the basic system designated pursuant to section 201 of the Act.

Apparently the proposed legislation was prompted by the fact that the territory covered by the basic system selected by the Secretary of Transportation to be served by rail passenger transportation service does not provide for service in all of the 48 contiguous States.

Section 201 of the Act directed the Secretary of Transportation, in recommending the basic system, to take into account schedules, number of trains, connections, through car service, and sleeping, parlor, dining, and lounge facilities. In formulating such recommendation the Secretary was further directed to consider opportunities for provision of faster service, more convenient service, service to more centers of population, and service at lower cost; the importance of a given service to overall viability of the basic system; adequacy of other transportation facilities serving the same points; unique characteristics and advantages of rail service as compared to other modes of transportation; the relationship of public benefits of given services to the costs of providing such services; and potential profitability of the service. We understand that, essentially, the route decisions were based on current train ridership and number of trains per week, current operating costs on each route, adequacy of other travel modes, total population of cities along the route and the physical characteristics of track and equipment.

In creating the National Railroad Passenger Corporation provided by the Act, it would appear that the Congress left to the Secretary of Transportation the determination of what lines and passenger service would be a part of the basic system. Under section 403(c) of the Act the National Railroad Passenger Corporation is authorized to provide intercity passenger service in addition to that prescribed by the basic system if consistent with prudent management. State, regional or local agencies can request service beyond that provided on the basic system and provision is made for the Corporation providing such service if the agency agrees to reimburse the Corporation for a reasonable portion of any losses associated with such service. Reasonable portion is defined as "no less than 66 $\frac{2}{3}$ per centum of, nor more than, the solely related costs, and associated costs, including interest on passenger equipment, less revenues, attributable to, such service."

Thus it would seem that it was the intent of the Congress to leave it to the discretion of the Corporation as to where service in excess of that provided by the basic system would be maintained but provided that the States, regions, or local agencies might obtain such service upon agreeing to pay a reasonable portion of any losses resulting therefrom.

Whether such service should be provided for a major population area in each of the contiguous 48 States, in the absence of an agreement by the State, region, or locality to bear a reasonable portion of any loss resulting therefrom, would appear to be a policy matter for the Congress, although the added burden on the National Railroad Passenger Corporation of providing such service might be economically prohibitive in its initial stages of development.

However, we have no special knowledge as to the need and justification for S. 1018 and aside from the above comments we have no recommendations to make either for or against the bill.

Sincerely yours,

R. F. KELLER,
Assistant Comptroller General
of the United States.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., July 12, 1971.

HON. WARREN G. MAGNUSON,
*Chairman, Committee on Commerce,
 U.S. Senate.*

DEAR MR. CHAIRMAN: Further reference is made to your letter of April 1, 1971, requesting our comments on S. 1380 which would amend Title IV of the Rail Passenger Service Act of 1970, Pub. L. 91-518, 84 Stat. 1327.

The proposed legislation would provide that no railroad holding title of any kind to lands, other than right-of-way, which were received as a grant (not including any purchase) from the Federal Government shall discontinue, after May 1, 1971, any passenger or freight service regularly provided prior to such date unless such railroad reconveys to the United States all right, title, and interest (including mineral rights) held by such railroad in an amount of such land equal to 100 acres for each mile of service discontinued.

It appears that the principal purpose of the bill is to curb the discontinuance of rail service in the less populous rural areas of the Nation which are not covered by the basic rail passenger system adopted pursuant to the Rail Passenger Service Act of 1970, Public Law 91, 518, 84 Stat. 1327.

Section 201 of the Rail Passenger Service Act of 1970 directed the Secretary of Transportation, in recommending the basic system, to take into account schedules, number of trains, connections, through car service, and sleeping, parlor, dining, and lounge facilities. In formulating such recommendation the Secretary was further directed to consider opportunities for provision of faster service, more convenient service, service to more centers of population, and services at lower cost; the importance of a given service to overall viability of the basic system; adequacy of other transportation facilities serving the same points; unique characteristics and advantages of rail service as compared to other modes of transportation; the relationship of public benefits of given services to the cost of providing such services; and potential profitability of the service. We understand that, essentially, the route decisions were based on current train ridership and number of trains per week, current operating costs on each route, adequacy of other travel modes, total population of cities along the route and the physical characteristics of track and equipment.

In creating the National Railroad Passenger Corporation provided by the act, it would appear that the Congress left to the Secretary of Transportation the determination of what lines and passenger service would be a part of the basic system. Under section 403(c) of the act the National Railroad Passenger Corporation is authorized to provide intercity passenger service in addition to that prescribed by the basic system if consistent with prudent management. State, regional or local agencies can request service beyond that provided on the basic system and provision is made for the Corporation providing such service if the agency agrees to reimburse the Corporation for a reasonable portion of any losses associated with such service. Reasonable portion is defined as "no less than 66⅔ per centum of, nor more than, the solely related costs, and associated capital costs, including interest on passenger equipment, less revenues attributable to, such service."

Thus it would seem that it was the intent of the Congress to leave it to the discretion of the Corporation as to where passenger service in excess of that provided by the basic system would be maintained but provided that the States, regions, or local agencies might obtain such service upon agreeing to pay a reasonable portion of any losses resulting therefrom.

The first land grants were made by Congress to the railroads in 1850 and the Federal Railroad Administration informally advised our Office that the railroads, in return for the Federal grants of land, gave the Government preferential shipping rates which resulted in savings to the Government which may have exceeded the value of the grants of land. Under Land Grant Equalization Agreements entered into by 259 rail carriers, including 27 land-grant carriers, the 232 non-land-grant carriers equalized reduced rates otherwise available over land grant roads. The purpose and effect of the equalization agreements was to equalize rates on Government property over various routes serving the same point of origin and destination, where one or more of those routes had been aided in whole or in part by grant of public lands; rates over all routes from point of origin to destination were reduced to the lowest net rate available via the route producing the maximum percentile of land-grant mileage.

This appears to indicate that the Government derived reduced rates from all carriers party to the equalization agreement most of which were non-land-grant carriers. Effective October 1, 1946, with the amendment of section 321 of the Transportation Act of 1940, 54 Stat. 954, 49 U.S.C. 65, the Government now pays the full applicable commercial rates for transportation subject to exceptions under sections 1(7) and 22 of the Interstate Commerce Act.

Where a former land-grant railroad had disposed of the lands granted except for its right of way the proposed bill would be ineffective as to it while making a land-grant road which still retained title to some portion of the lands granted other than the right of way subject to forfeiture.

It is noted that the forfeiture provision would apply to railroad discontinuance by land-grant roads of either passenger or freight service. Since under the Rail Passenger Act, Amtrak provides passenger train service under contracts with certain railroads included in the basic system if a land-grant railroad in such system discontinued freight service under 49 U.S.C. 13a, it would be subjected to the forfeiture provisions of S. 1380. As presently drawn the bill is broad enough to include both interstate and intrastate services and could be construed to subject to two separate forfeitures a land-grant road discontinuing both passenger and freight services. Whether such a result was intended by its sponsors possibly might be clarified.

The enactment of S. 1380 would not directly affect the functions and operations of our Office. While we are aware of the problems created by discontinuance of rail service in the less populous rural areas of the Nation, for the reasons indicated above, we do not recommend that your committee give favorable consideration to S. 1380.

Sincerely yours,

R. F. KELLER,
*Assistant Comptroller General
of the United States.*

INTERSTATE COMMERCE COMMISSION,
OFFICE OF THE CHAIRMAN,
Washington, D.C., May 5, 1971.

HON. WARREN G. MAGNUSON,
*Chairman, Committee on Commerce,
U.S. Senate, Washington, D.C.*

DEAR CHAIRMAN MAGNUSON: This will serve to acknowledge your letter of April 28, 1971, directed to Chairman Stafford requesting the Commission's comments on S. 1639, a bill "To provide an additional period of time for review of the basic national rail passenger system; to postpone for six months the date on which the National Railroad Passenger Corporation is authorized to contract for provision of intercity rail passenger service; to postpone for six months the date on which the Corporation is required to begin providing intercity rail passenger service, and for other purposes."

As you know, all comments provided for under the Rail Passenger Service Act of 1970 have been received and decisions made as to what routes are included in the basic national rail passenger system. Since May 1, 1971, has now passed, the contracts signed between the various railroads and Amtrak and Amtrak has commenced operations, it would appear that the enactment of S. 1639 would not achieve any useful purpose.

Thank you for giving us an opportunity to comment on this proposed legislation.

Sincerely yours,

DALE W. HARDIN, *Acting Chairman.*

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., May 24, 1971.

HON. WARREN G. MAGNUSON,
*Chairman, Committee on Commerce,
U.S. Senate.*

DEAR MR. CHAIRMAN: This is in reply to your letter of April 28, 1971, asking for our comments on S. 1639. The bill would amend the Rail Passenger Service Act of 1970, approved October 30, 1970, Pub. L. 91-518, 84 Stat. 1327, to provide

an additional period of time for review of the basic national rail passenger system; to postpone for six months the date on which the National Railroad Passenger Corporation, called Amtrak, is authorized to contract for provision of intercity rail passenger service; and to postpone for six months the date on which Amtrak is required to begin providing intercity rail passenger service.

We note that your Committee recently ordered favorably reported S.J. Res. 92, which would require Amtrak to study the desirability of expanding the number of intercity passenger trains and to report its findings to Congress by June 30, 1971. S.J. Res. 92 was favorably reported to the Senate (Report No. 92-95) on May 6, 1971.

In our letter dated December 24, 1970, concerning S. 4574, identical to the present bill, we reported that we had no recommendations to make either for or against that bill. However, now that Amtrak has started to operate passenger trains, it may be desirable to allow consideration of any new service proposals to be made under the provisions of section 403 of the Rail Passenger Service Act of 1970, if postponements would result in altering obligations and other considerations that have already become effective, particularly those established pursuant to contracts made under sections 401 and 402 of the Act.

Sincerely yours,

ROBERT F. KELLER,
*Assistant Comptroller General
of the United States.*

Senator HATFIELD. This morning we are very honored to have the distinguished majority leader, Senator Mike Mansfield, from the State of Montana lead off, and, Senator Mansfield, you handle your testimony the way you wish.

STATEMENT OF HON. MIKE MANSFIELD, U.S. SENATOR FROM MONTANA

Senator MANSFIELD. Thank you, Mr. Chairman.

I would like to have my letter to the chairman included in the record.

Senator HATFIELD. Without objection.

(The letter follows:)

U.S. SENATE,
OFFICE OF THE MAJORITY LEADER,
Washington, D.C., April 13, 1971.

HON. WARREN MAGNUSON,
*Chairman, Committee on Commerce,
U.S. Senate.*

DEAR MR. CHAIRMAN: The Railpax plan recently announced by the National Railroad Passenger Corporation disturbs me greatly and it has generated a great deal of opposition in the State of Montana. The plan does not give minimal service to the State; in fact, it ignores about 80 percent of the population.

As you know, I am greatly concerned about what I consider to be a rapidly approaching crisis in public transportation. The Railpax plan does not offer any solutions and, in fact, will probably compound the crisis.

I am firmly convinced that we have all been too willing to give in to the pleadings of the railroad corporations. The railroads have not attempted to keep up with the competition in public transportation; in fact, they have retreated through unimaginative management, misleading accounting systems, and neglect of service responsibilities. The Interstate Commerce Commission has gone along with their requests for discontinuances, freight rate increases and has refrained too frequently from counseling the industry. I am slightly encouraged by their current activities, especially their willingness to recognize intra-industry refusal to cooperate on the boxcar shortage. Also, I think their recommendations to Railpax were quite sound. I think the Congress has been too lenient. I believe that the time has come when we must give a very thorough and serious look at the transportation industry.

It was for these reasons that I introduced legislation, S. 649, to abolish the Interstate Commerce Commission, and S. 1380, requiring the return of certain Federal land grants by the railroads when they abandon transportation services.

I ask that the Committee on Commerce give these transportation problems immediate attention and schedule public hearings on these legislative proposals and associated problems. As Chairman of the Committee, you are in the position to do a great service to the nation in helping to preserve an adequate surface transportation system.

With best personal wishes, I am

Sincerely yours,

MIKE MANSFIELD.

Senator MANSFIELD. Mr. Chairman and gentlemen of the committee:

As everyone in this room knows, the railroads have put on a very strong advertising campaign over the past several years and their chief spokesman has been a former astronaut, Wally Schirra. I am sure that we are all aware of the slogan which is iterated and reiterated and emphasized time and time again which goes as follows: "Who needs the railroads?" You do. We all do.

All I can say is that what Mr. Schirra says in behalf of the American Association of Railroads is the truth, but under the plan proposed by Railpax, now known as Amtrak, a lot of us in the country are going to lose the use of the railroads, but that will not be the case on the east coast where there is a concentration of privilege based on a concentration of population while the rest of the country gets little or no consideration.

I was interested to note that about a month ago witnesses appeared before this committee in behalf of the American railroads and recommended a package of Federal support amounting to \$36 billion over 10 years. I think it is well to note also that within the past 3 years the railroads have been given approximately 50 percent increase in freight rates, the last 11.8 percent announced the day after Railpax made public its new routes.

Mr. Chairman, we as a Nation are rapidly approaching the zero hour of what is likely to be a monumental transportation disaster. If the National Railroad Passenger Corporation plan is allowed to go into effect May, next Saturday, I fear that we will all live to regret the day Railpax was conceived. It is not going to achieve its intended purpose and I predict that it will not succeed and the Congress will then have another albatross to salvage. My colleague from the State of Montana, Senator Lee Metcalf, is out of the city and has asked that I indicate his deep concern about Railpax and what it is doing to Montana and other parts of the Nation. We have both gone over this statement and he concurs in what I am saying today.

And may I say, incidentally, I noted the distinguished Senator from New Hampshire is on the committee, that there are a number of States in this Union without any rail transportation whatsoever, and I believe New Hampshire, Vermont, and Maine could be included along with South Dakota, Wyoming, possibly Idaho, where the Great Northern goes across the northern panhandle but gives no service, and also a number of our larger cities are deprived of this means of solid, stable transportation.

When Railpax was authorized by the Congress, I believed that this was a sincere attempt to find some compromise solution to the deteriorating rail passenger service in this country. I do not think anyone,

any Senator, envisioned a wholesale abandonment of these services.

Montana will have passenger service along the northern tier of the State. It will serve about 20 percent of the State's population. These people need and deserve this service and I am for it, but what about the remainder of Montana which includes its five largest cities? The system, as announced for May 1, will completely ignore the larger cities of Missoula, Butte, Helena, Bozeman, Billings, Miles City, and Glendive.

The Secretary of Transportation reported to me that this decision to ignore the southern and central half of Montana was made because ridership is less on this line than on the northern route. I find this extremely difficult to believe. My inquiries about the statistical justification have not as yet been answered. Montana is deserving of some service on both the old Northern Pacific and Great Northern lines. At the present time there are two passenger trains each way on both lines. We did not anticipate that we could maintain this service under Railpax but, at the very least, we thought we would have alternate day service on both lines.

The Burlington-Northern will have to maintain its entire system of tracks for freight service and, therefore, I do not believe that it would cost that much more to implement the alternate day proposal. I have seen estimates anywhere from \$1 to \$5 million. But of the three trains to be discontinued, only one has been the subject of discontinuance proceedings before the Interstate Commerce Commission. This expense could be offset if there were a sincere effort to build up passenger service instead of discouraging it as has been happening for the past number of years, and has been happening deliberately as far as the railroads are concerned.

I am deeply concerned that the National Railroad Passenger Corporation has developed this negative attitude, a position very much like what we have been fighting against in many of the railroad corporations. Railpax appears to be the quickest way to acquiesce to the railroads, giving them automatic authority to discontinue passenger service.

The densely populated areas of the Nation, especially the Eastern corridor, will benefit from Railpax because it is intended to provide good, efficient service in high density areas. I must remind the incorporators that there are also a number of less densely populated States which are also part of the United States. We cannot forget long haul service through these large, sparsely populated States. There has been a lot of talk in recent weeks about a shift to the rural areas and the need to give rural America some attention. This has had no apparent influence on Railpax which ignores States like Montana. Senator Metcalf and I do not want to see the Big Sky Country merely as a roadbed for transcontinental freightlines. We deserve, at the least, minimal service and this we do not have under the present Railpax plan.

This Nation of ours needs a coordinated system of public transportation. We cannot put this off much longer. The transportation crisis is mounting. There is no reason in the world why we cannot have an integrated system of bus, train, and airlines travel. There is a place for all three. As we reduce public transportation services, we force

people into automobiles and onto the highways, which are already becoming congested. Everyone is quite concerned about the environment and yet Railpax takes away all train service to a place like Yellowstone National Park, which is now glutted with auto traffic during the height of the tourist season. In fact, proposals are being suggested to ban automobile traffic in this national park. Railpax totally ignores these environmental considerations.

In defense of rail passenger service, I believe it is the most reliable of all public conveyance. Air travel is often controlled by weather. Highways in a State like Montana become impassable because of freezing rain and blowing snow. The only reliable service under these conditions is passenger train service. In the State of Montana the lack of railroad service will create many difficulties for the elder citizen, the veteran, and the college student. And, incidentally, both veterans hospitals in the State of Montana, at Miles City and Helena, if this plan goes into operation, will be without rail transport facilities. These people deserve better treatment.

The National Railroad Passenger Corporation is seemingly too closely allied with the interests of the railroad corporations. These corporations have refused to adopt new management policies and have made no effort to develop these services. I do not see that their advice and counsel should be given almost automatic consideration and almost always automatic approval. We need imaginative and creative thinking. This is not evident in Railpax.

Senator Metcalf and several of our colleagues have joined me in the introduction of legislation which would require the land grant railroads—and both the GN and the NP are land grant railroads—to return a portion of their grant whenever they abandon railroad services. Simply stated, these land grants were given as an incentive to provide continuing rail service to the Federal Government and the developers of the West. In financial terms, the railroads undoubtedly have repaid the Federal Government for this gift, but they have also received tremendous benefits with their multifaceted development on these lands.

If I may quote from a letter which I received under date of April 26 from Mr. Ralph Nader, I would like to make the following statement:

The trusts and holding companies that control the finances and management of the railroads have diverted their resources to a variety of profit-oriented conglomerate enterprises—nonrail businesses such as mining and timber operations, real estate development, oil production, chemicals, even soft drinks and underwear manufacture—while repudiating their responsibilities to provide adequate passenger service. This was the pattern of abuse and neglect that last year's legislation, the Rail Passenger Service Act of 1970, was supposedly intended to correct.

The railroads have made out far better than Uncle Sam, and if my memory serves me correctly, the Northern Pacific, now a part of the Burlington Northern, even has a vice president for oil, and I know that the Northern Pacific has vast timber holdings in Montana which they received, in part at least, from the Federal Government. What the Federal Government has given can be taken away when the railroads discontinue providing the services which prompted these gifts of land, gifts to serve all the people, gifts to serve the Nation.

Mr. Chairman, on April 26 I received a detailed letter from the great champion of the "consumer," Ralph Nader, and his associate Rueben Robertson. These gentlemen share the Montana congressional delegation's concern and objections. I ask that this letter be included as a part of testimony before the committee this morning. (The letter follows:)

WASHINGTON, D.C., April 26, 1971.

HON. MICHAEL J. MANSFIELD,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MANSFIELD: Last year the Congress hurried passed new legislation, Public Law 91-518, purportedly designed to rescue the public's right of transit by rail from total abandonment by the railroads. This was to be done through creation of a new corporation to take over and maintain rail passenger service throughout the United States. This organization, known variously as Railpax and now Amtrak, is in fact a weird hybrid of public agency and private corporate privilege, in fact controlled by the railroads themselves through stock ownership, directorship and contracting arrangements. It is to be completely beyond the regulatory authority of the states, the Interstate Commerce Commission and even the courts. Congress, in its haste to avoid the industry's threats of massive passenger discontinuances and widespread bankruptcies, has created an SST on rails, a form of private socialism that is inimical to worthy American traditions. Indeed, there are growing doubts about the Constitutional validity of the Railpax law, in that it deprives the states of basic rights to demand and require adequate service from the railroads on behalf of their citizens, and delegates vast governmental powers to a private corporation without proper checks and balances.

It should be remembered that the railroads' commitment to provide continuing service to people was the *sine qua non* upon which enormous public largess, monopoly powers and grants of great areas of our nation's land were bestowed upon them by the States and the federal government. Relentlessly, these corporations have turned public trust into private profit. The trusts and holding companies that control the finances and management of the railroads have diverted their resources to a variety of profit-oriented conglomerate enterprises—non-rail businesses such as mining and timber operations, real estate development, oil production, chemicals, even soft drinks and underwear manufacture—while repudiating their responsibilities to provide adequate passenger service. This was the pattern of abuse and neglect that last year's legislation, the Rail Passenger Service Act of 1970, was supposedly intended to correct.

It is now clear that, in the hands of those who have been entrusted with its operation, the cure is far worse than the disease. As of May 1st, the Amtrak/Railpax corporation is planning to drop half the remaining passenger service throughout the country. This massive termination, perpetrated under the fraudulent guise of improving railroad passenger service, could never have been accomplished by the railroads through the normal administrative and legal channels which provide for adequate public notice, hearings, consideration of environmental impact and exploration of alternatives to the discontinuance of service. None of these fundamental protections for the public interest were provided in this arrogant, unilateral determination to junk historical and needed services. The discontinuances will accelerate degradation of the environment by forcing more and more travelers to use automobiles. It will prompt demands for new highways to slash through our cities and forests. The burdens will be especially severe upon the poor, the elderly, the young and the disabled. But all Americans will lose from this programmed destruction of our rail passenger system.

The actions by the Department of Transportation and the railroad industry, through Amtrak/Railpax, are an affront to the Congress, and an intentional distortion and contravention of its will in enacting the legislation. It is safe to say that few, if any, members of either House of Congress suspected that the National Railroad Passenger Service Corporation would be used as the vehicle for instantaneous abolition of the majority of existing service on the very first day of its operation; if they did, they certainly did not make such suspicions a matter of record during the debates on the legislation.

The wholesale abandonment of service by Amtrak/Railpax will leave millions of Americans in large sections of the country without any passenger service; many will have no adequate alternative means of public transportation. No service will go into San Francisco. Important cities such as Cleveland, Tulsa, Des Moines, Las Vegas, Little Rock, Tallahassee, Duluth and Grand Rapids will be completely abandoned. We will have no more inter-city service between New York and Detroit; Kansas City and Denver; New Orleans and Jacksonville; Chicago and Buffalo; or Indianapolis and Cleveland. International services being dropped include New York-Montreal, Chicago-Toronto and Seattle-Vancouver.

Your own State of Montana, for example, will be hit hard. Helena, the State Capital, will be left without any service. Your highways will be further clogged by tourists who will no longer be able to take any train to visit Yellowstone. Students and other citizens in Missoula, Billings, Bozeman and Helena will be stranded. Disabled veterans at the state's two veterans hospitals in Miles City and Helena are losing a vital form of transportation—and you should also be aware that crippled or disabled persons, including those who have been injured in the service of their country, are subject to being arbitrarily refused transportation by the airlines. Similar deprivations will be imposed on the citizens of many other parts of the country.

To add exploitation to injury, the public even has to help finance this outrage with its own money. Already, as you know, \$40 million has already been appropriated to the Railpax scheme. Hundreds of millions of additional dollars are scheduled to follow in federal guarantees and loans to the railroads, which are very unlikely ever to be repaid.

The scheduled abandonment of service is senseless and cynical. It comes at the same time that another massive increase in air fares has been rubber stamped by the government, under pressure from the banks and insurance companies that control both the airlines and the railroads.

In fact there is a lack of any reliable information available as to how much money, if any, will actually be saved or has been saved in the past by discontinuances of passenger trains. Many of the trains being dropped have in fact been profitable. The railroads have intentionally made many services appear to be unprofitable through deliberate programs to keep passengers from patronizing them and through manipulative accounting practices. This is not idle speculation, it is historically documented fact. The basic study used by the Department of Transportation to determine which trains could or should be terminated was performed under grossly irregular contacting circumstances by Wyer, Dick & Company, a railroad consulting firm that has enjoyed private contractual arrangements with at least seven of eight railroads surveyed. One would think that the Department of Transportation could have somehow, somewhere, come up with competent consultants or auditors who did not have such deep relationships with the subjects of the study.

Another serious matter of concern is the fact that DOT and Amtrak/Railpax have not given proper consideration to the environmental impacts of this proposed Mayday abandonment. They have ignored the mandate of Congress articulated in the National Environmental Policy Act of 1969 which requires consideration of the impact of such actions upon the environment, as well as exploration of possible alternative courses of action. The Secretary of Transportation takes the position that NEPA does not apply to his designation of the basic Railpax system, but there is certainly no support for this in Public Law 91-518 or its legislative history. Nor is there the slightest support for the assertion that Congress intended the Railpax corporation to operate without due regard for the environment, or to undermine its previous legislation designed to protect the environment. Indeed, just the opposite is true. Both the text and the legislative history of P.L. 91-518 demonstrate beyond any doubt that the environmental needs of the country were critical to the Congressional deliberations. The House Report on which the legislation was based noted specifically, "To solve the problems arising from the side effects of our several [transportation] modes, such as pollution and congestion, we must preserve and improve the neglected and older form of railroad service." This is hardly language that justifies Secretary Volpe's contention that the basic Railpax system was to be designated without regard for the procedures of the 1969 environmental protection law. Abolition of rail passenger service as planned will inevitably generate more highway construction and increased reliance on automobiles. It is a serious set back in the effort to stop pollution and environmental degradation.

Similarly, there has been not the slightest attempt to coordinate the Railpax system with other modes of transportation, which directly contravenes the contemplation and intention of Congress.

You and other congressional leaders have expressed concern about the initial actions of the Department of Transportation and the Railpax corporation. There is much support for your views recently expressed to the Administration that the corporation "has so disregarded the needs of the traveling public and the will of Congress that all disbursement of funds should be halted immediately." There can be no such thing as a half-way rail passenger system. The Amtrak/Railpax capitalization, route structure, and schedule are so fundamentally and intentionally inadequate as to condemn the entire project to failure. It is abundantly clear that the Amtrak/Railpax operators are not really trying to restore and preserve passenger service. Rather, they are seeking to relieve the railroads of any responsibility for abandoning service, and put the burden and blame on a government-sponsored organization. Under P.L. 91-518, Amtrak/Railpax will be free to phase out the entire remaining system in two years.

Congress must not permit this to happen. We urge prompt responsible Congressional action which will repudiate the Railpax concept and replace it with a viable mechanism to serve the public. Of more immediacy is the need for a moratorium on any passenger train discontinuances by the railroads or Railpax until the issues and public remedies can be sorted out.

Sincerely,

RALPH NADER,
REUBEN B. ROBERTSON III.

Senator MANSFIELD. Mr. Nader raises some very serious questions about the soundness of the Wyer-Dick studies which were used as the foundation for the Railpax proposal. Congressman John Dingell questioned this in some detail during the hearings before the House Interstate and Foreign Commerce Committee in June 1970.

Mr. Chairman, if the committee will allow me, I would like to quote again a brief portion of the letter from Mr. Nader to me, and I quote:

The wholesale abandonment of service by Amtrak/Railpax will leave millions of Americans in large sections of the country without any passenger service; many will have no adequate alternative means of public transportation. No service will go into San Francisco. Important cities such as Cleveland, Tulsa, Des Moines, Las Vegas, Little Rock, Tallahassee, Duluth, and Grand Rapids—in addition to those I have mentioned in the State of Montana—will be completely abandoned. We will have no more intercity service between New York and Detroit; Kansas City and Denver; New Orleans and Jacksonville; Chicago and Buffalo; or Indianapolis and Cleveland. International services being dropped include New York-Montreal, Chicago-Toronto, and Seattle-Vancouver.

Your own State of Montana, for example, will be hit hard. Helena, the State Capital, will be left without any service. Your highways will be further clogged by tourists who will no longer be able to take any train to visit Yellowstone. Students and other citizens in Missoula, Billings, Bozeman and Helena will be stranded. Disabled veterans at the state's two veterans hospitals in Miles City and Helena are losing a vital form of transportation—and you should also be aware that crippled or disabled persons, including those who have been injured in the service of their country, are subject to being arbitrarily refused transportation by the airlines. Similar deprivations will be imposed on the citizens of many other parts of the country.

To add exploitation to injury, the public even has to help finance this outrage with its own money. Already, as you know, \$40 million has already been appropriated to the Railpax scheme.

I understand, however, that only \$2 million have been freed, and while I am in general against the impounding of money by the President—any President—I certainly hope that he keeps the remaining \$38 million tied up.

Hundreds of millions of additional dollars are scheduled to follow in federal guarantees and loans to the railroads, which are very unlikely ever to be repaid.

Mr. Chairman, I would also like to share with the committee an excellent summation of Railpax prepared by a good friend and con-

cerned Montanan, Jim Beamer, of Livingston. I ask that it also be made a part of the record.

(The letter follows:)

Livingston, Mont., April 21, 1971.

Senator MIKE MANSFIELD,
Senator LEE METCALF,
Congressman JOHN MELCHER,
Congressman DICK SHOUP,

GENTLEMEN: First my congratulations on your rapid recognition and start of corrective action on Montana transportation problems being created by the Rail Pax passenger train decision.

This could easily have degenerated into a North-South factional fight in Montana. It started that way with people and communities along the Hi-Line saying it was justly deserved recognition of need and those along the Southern Route saying the passenger trains should have been routed where the majority of the people are.

Both areas are right. The Hi-Line does lack the variety of transportation the Southern Route has. The majority of people do live along the Southern Route. Both areas are faced with comparable winter transportation problems. Both have National Parks crying for service. Montana's size demands rail passenger service along both lines because of the many similar problems people have securing adequate transportation east to west across the State. This being so, I believe everyone who gives the problem any thought will be quick to say let's not waste our time fighting each other but rather work together for complete service as it now exists. Then give impetus to a solution of the North-South travel problems where examination of bus and airline schedules on these traffic patterns just about proves the old saw, 'you can't get there from here'.

Two years ago during a proposed discontinuence of the Mainstreeter on the former Northern Pacific I noted six things the Company was doing to discourage passenger travel. Those six things I could prove. There were many more things I knew were being done but would have found it difficult, if not impossible, of finding proof. The reason for this is there are at least two ways of establishing policy. The first is by direct order and the second is by indirection. Indirection is accomplished by 'THE BOSS' being critical of a lower echelon supervisor in the handling of a particular matter and saving nothing if the favored course is pursued. With indirection there are never any written orders given and this makes proof almost impossible to obtain, yet everyone knows what is being done.

My thirty years of service for the Northern Pacific and for the now Burlington Northern covers a time span wide enough to allow acquaintance with men working in other departments to develop. These friends tell me of things they see happening in their departments. Added together eventually these comments form a picture of what policies are being pursued in both operating of and the cost accounting of freight and passenger service.

A typical example of what I am saying about indirection is found in this particular comment I received: The foreman in a department told a workman working on a job chargeable to freight service to show his hours against a job chargeable to passenger service because 'THE BOSS' is riding his tail about excessive costs chargeable to freight service and because the foreman has discovered 'THE BOSS' doesn't say anything about excessive passenger costs. The work gets done so why worry about which pocket the money to pay for the job comes out of, its one company anyhow and besides the heat that can make or break a foreman is off. Easy way out? You bet—and most of us take it.

A week later who can remember how much extra cost passenger service has assumed by this ploy? Multiply this by many instances of this happening and an unfavorable cost picture of passenger services emerges. The beauty of this is that the accounting department can furnish the President of the Company a detailed cost sheet that is almost impossible to challenge. The President believes he is honest in his statement the Company lost "x" number of dollars on passenger service. The accounting department is honest because they use the figures supplied to them by the men where it started. The men where it started don't remember because it was such an insignificant thing to begin with. Because I know this I am extremely irritated that Rail Pax has accepted management

figures on operational costs of passenger trains. To me, this is akin to asking the fox guarding the chicken house how many chickens died of old age.

Rail Pax should be required to operate all existing passenger trains, making only those changes necessary to clean up the mess created by company management, until a true cost/revenue figure could be obtained. Two years should be sufficient for this. Given half a chance to succeed I submit Company stated losses won't occur and Rail Pax would hit about the break-even point or even show a profit.

Time is the most critical factor Congress faces today in coming to a decision on the passenger trains. If on May first, Rail Pax is allowed to discontinue the trains they have indicated and these trains are off for two or more weeks, Congress will find it extremely difficult to restore these trains or, if re-established, the cost will be staggering.

Railroad Companies want out of passenger business. Some indicate they are not happy about having to run those few trains Rail Pax left on. You may rest assured, the Companies will move with unbelievable speed to obliterate the whole pattern necessary for passenger train operation.

For instance, where additional freight engines are needed, the unused passenger engines will be converted to freight engines and the unneeded parts will be scrapped. It only takes about six hours per engine to make this change. Where freight engines are not needed then the passenger engines will be stripped for salvagable parts and the balance written off for scrap. Already, I have been told repair parts for the steam boilers used to provide heat for the passenger trains are being discontinued here in Livingston, a major repair point for 52 Burlington Northern passenger engines. Unused passenger stations will be leased to other businesses, will be abandoned to be torn down at a later date, used for store rooms or other purposes. Passenger cars might last awhile longer but even they will be used as a source of interchangeable parts until they too can be scrapped. Personnel now assigned to handling passenger train requirements will be shifted around to other available jobs and the hard core of men needed to re-instate service will be unavailable when needed.

I sincerely believe Congress would find it easier to put Humpty Dumpty back together again than it will be to re-establish a passenger train once that train has been discontinued.

The word as I see it is: Go! Go! Go! Now!

Yours very truly,

JIM BEAMER.

Senator MANSFIELD. Mr. Chairman, May 1 is not very far away. In fact, Saturday of this week could well be a day of calamity for public transportation. The Congress has a responsibility to take action now. I am delighted that the National Association of Railroad Passengers has appealed this matter to the courts. Governor Forrest Anderson informed me that the State of Montana has taken similar action. Hopefully, this will postpone implementation of Railpax until such time as the Railpax plan can be properly reviewed.

Personally, I would like to see the Congress pass legislation amending the Railpax authority postponing its implementation for at least 6 months. There are any number of other proposals, all of which demand congressional consideration. The most immediate problem before us is to stall the imminent destruction of passenger train service. I appeal to this committee to take the necessary initiative. I stand ready to assist in any way possible through my Senate leadership responsibilities and as a member of the Senate Committee on Appropriations. In conclusion, I have only one more thing to say. Railpax or Amtrak, as it is apparently now called—perhaps a better name would be Halftrack, as far as Montana is concerned—should not proceed, in any manner, until it is demonstrated that they are interested in pursuing the best interests of the consumer and the general public, not just along the eastern seaboard, but throughout the entire United States and including the less densely populated States as well.

Thank you very much.

Senator HATFIELD. Thank you, Senator Mansfield.

This committee is very appreciative of your interest and your very dynamic and succinct testimony.

I would like the record to show that Senator Frank Church, of Idaho was at the witness table with Senator Mansfield, and I apologize for not having recognized the distinguished Senator from Idaho before.

At this point I would like to call on Senator Warren Magnuson, who is the chairman of our Commerce Committee, who must go to an Appropriations Committee hearing very shortly, and ask him if he has any questions he would like to propound to Senator Mansfield.

The CHAIRMAN. Well, I have no questions. I think the Senator from Montana has made a suggestion that I made about a month ago when my counterpart in the House, Harley Staggers, and I joined in a letter to the Railpax, that it might be well, in view of the confusion and all the things we are talking about here, to postpone any definitive action for at least 6 months so we can work out something.

I do not think we have received an answer from them to our suggestion, have we?

Mr. O'NEAL. Yes.

The CHAIRMAN. All right. Now, we have posed here, I want to say to the Senator from Montana, a sort of administrative problem. The terms of the present members of the Board, the original incorporators, expire on May 1. There has been sent up to the committee the reappointment of all members with the exception of the appointment of a new executive director, which they ultimately are going to need regardless of what happens.

Now, we held a hearing this morning and I postponed any action by the committee until we could hear from all the people involved, but I do think that to keep this alive so that we can do some of the things the Senator from Montana suggested—or, at least completely review the whole matter—we are going to have to reappoint these members with the executive director.

In the meantime, the Senator from Montana suggests that we pass legislation amending the authority and postponing its implementation for at least 6 months. That is your direct suggestion, is it not, Senator?

Senator MANSFIELD. Yes. That is the least I would like to see done, and as far as the nominations are concerned, I really do not see any hurry about bringing them up and reporting them out.

The CHAIRMAN. I think we have got to keep this alive because there will be chaos if everything quits. Then, in the meantime, if the committee saw fit—and I do not know the feeling of the Commerce Committee—but as far as I am concerned personally, I would be glad to introduce this legislation and hold it until we can settle some of these serious problems that are involved.

In the meantime, the corporation—or what do they call themselves now—Amtrak—I do not know why they changed the name—or Half-track is what you called it—would still be alive so we would have a forum to go to, to do the things we are talking about.

I do not think there should be any objection of those who have objection to keep them alive and to reappoint them but to postpone the action for at least 6 months. That is the minimum, I think, and we so

wrote this organization—Congressman Staggers and I—and we have a reply. What does the reply say? I have not seen it yet.

Mr. O'NEAL. Basically, the answer was no.

The CHAIRMAN. The reply is no, so the legislation then is going to be pending and I do not know how the Commerce Committee feels about it, but I will personally introduce it.

Senator MANSFIELD. I appreciate that, Mr. Chairman, and may I say that the—

The CHAIRMAN. Put the letter in the record. I did not know that they had replied as yet. We sent the original letter the first part of April, about 3 weeks ago or maybe a month ago, but we got no answer until just recently, and I just think that because, after all—and I make this statement publicly—they do have to come back to Congress for an appropriation under the authorization act and there are many people who feel that there should be a complete review of this whole matter again—and this is what I would like to see the committee do. I cannot speak for the whole committee, but we will see what happens here.

(The letter follows:)

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D.C., April 7, 1971.

MR. DAVID W. KENDALL,
Chairman, National Railroad Passenger Corporation,
Washington, D.C.

DEAR MR. KENDALL: We need not tell you that there has been a great deal of public interest and wide-spread concern about the forthcoming operations of the National Rail Passenger Corporation since the announcement of routes and services on March 22. We recognize the difficult position you and the other incorporators are in with regard to rebuilding inter-city passenger service, but we cannot ignore the avalanche of complaints from several areas of the country which will lose service if your proposals go into effect.

We want to review with you in hearings the actions which you propose and the possible alternatives. Therefore, we request the Corporation to immediately consider the necessary steps which would preclude discontinuances of all existing service until September 20, 1971. This action by the incorporators will, we believe, greatly relieve the pressures on Congress and on State and local governments that might create undesirable results.

We recognize the possibility that if the Corporation is to do the job that the public expects of it, it may need additional Federal funding. We earnestly solicit your views on this question, both as to additional services and as to capital improvement needs of services on already designated routes.

Sincerely yours,

HARLEY. O. STAGGERS, M.C.,
Chairman, House Interstate and Foreign Commerce Committee.
WARREN G. MAGNUSON,
Chairman, Senate Commerce Committee.

NATIONAL RAILROAD PASSENGER CORPORATION,
Washington, D.C., April 15, 1971.

HON. WARREN G. MAGNUSON,
U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: All of the Directors of the Corporation have thoroughly considered your and Chairman Staggers' letter to me dated April 7, 1971.

We share your concern regarding the complaints from several areas of the country which will not receive the level of rail passenger service currently being

provided. We have been working with various groups in an effort to alleviate this problem through the procedures provided for in Section 403(b) of the Rail Passenger Service Act of 1970.

Our counsel has advised us that Section 401 of the Act requires us to tender to any railroad so requesting a contract relieving that railroad, from and after May 1, 1971, of its entire responsibility for the provision of intercity rail passenger service. The May 1 date, of course, is specified in the Act. Accordingly, we see no way in which we could lawfully delay the assumption by the Corporation of the responsibility of providing intercity rail passenger service from those railroads desirous of entering into such a contract with the Corporation.

The only other method by which all existing rail passenger service could be continued pending Congressional review would be for the Corporation itself to continue this service without change.

Under the Act the Corporation's responsibility is, on May 1, 1971, to "begin the provision of intercity rail passenger service between points within the basic system" designated by the Secretary of Transportation over at least one of the alternate routes identified by the Secretary, unless such service is otherwise being provided. The Corporation, of course, intends to meet fully this responsibility. It should be noted that a large portion of the service to be discontinued is *not* within the basic system.

In addition to its above-described responsibility, the Corporation has the authority, but not the obligation, "to provide intercity rail passenger service in excess of that prescribed for the basic system, either within or without the basic system . . . if consistent with prudent management."

Congress specifically rejected the concept of subsidizing the existing rail passenger service and instead authorized the creation of a for-profit corporation having stockholders with invested capital.

The solely related intercity passenger service deficit of the railroads in 1969 was approximately \$225,000,000. Preliminary figures indicate that the 1970 deficit was about the same for a smaller number of trains. If the Corporation were to continue to operate all existing passenger trains after May 1, it would be operating at an annual deficit rate in excess of \$225,000,000. The Corporation's total capital consists of \$40 million of federal funds plus (if all railroads join the Corporation) approximately \$200 million to be paid for common stock over a period of 36 months and in addition, \$100 million of federally guaranteed borrowing authority. It is thus clear that if the Corporation were to continue the operation of all rail passenger service, it would be committing the Government to a course which has been clearly rejected by the Congress.

Under these circumstances, the Directors, acting with the advice of their counsel, do not see how they can, consistent with prudent management, order the continuance of all existing passenger service.

Congress has by law provided the framework within which the Corporation must act. The touchstones of this framework are the requirements that (1) service within the basic system be provided for a period of at least two years and two months and (2) that such service be provided within the capital structure established by Congress. If we were to continue all trains, it would in our best judgment be extremely unlikely that we could meet these requirements. I am sure that you would agree that we would be derelict if we did not do our best to follow the instructions of Congress as embodied in the Rail Passenger Service Act of 1970.

As you are aware, the Directors are continually making cost projections for future operations. These projections have been and will continue to be made available to your staff, so that you will be advised of any additional capital needs as they become apparent. We, of course, appreciate very much your willingness to consider our views in this regard.

Very truly yours,

DAVID W. KENDALL,
Chairman of the Board.

Senator MANSFIELD. Mr. Chairman, may I say that I appreciate your comments and certainly, as always, I will be the first one to follow your leadership in seeking a postponement; but come this Saturday there is going to be chaos—and I am not asking for much for the State

of Montana, just the return of the entry and the short line from Butte to Salt Lake, because we are a big State, 148,000 square miles, and we depend upon the railroads and I think the railroads have deliberately tried to do away with passenger service through a number of methods of which I have firsthand knowledge, and I wish that they would live up to their slogan that "Who needs the railroads? You do. We all do." And put into effect the kind of transportation system of which they are capable.

So I am encouraged by what the distinguished chairman of the full committee has said, and the acting chairman of the subcommittee; and again, I want to repeat, as far as I am concerned, I hope the President—although it goes contrary to my principles—in this particular instance keeps that \$38 million locked up, and I hope that there will be no funds forthcoming from the Appropriations Committee until something is done to rectify this situation; and, furthermore, I see no great rush to go ahead with these nominations.

The CHAIRMAN. But I do think that we have to be prepared, if we are going to try and implement the services, to come up with the appropriation that will be needed for this matter nationwide.

Now, the chairman has a little problem in his own State.

Senator MANSFIELD. He does, indeed.

The CHAIRMAN. Yes. And I cannot understand why this corporation—and I have said so to them—we have a very profitable run from Seattle to Vancouver and the Commission decided they should not look into it because it involved international matters. Well, all you need is to call up Ottawa and they say "Go ahead." You do not have to have any treaty of anything like that. And I understand that this segment has been holding its own.

So these are some of the things we have got to take a good, long look at, but I do think we have to commit ourselves, if Amtrak is finally going to work, to be prepared to appropriate the amount of money to keep these services going that we think should be going. It is only partially our share and, actually, in the scheme of things is not too much for a big country like ours.

I think in the long run we would save money by doing some of the things that you suggest. I see the Senator from North Dakota here. I understand that he has the same complaint. I know both lines well. I have traveled both the NP and Great Northern I don't know how many times and I like it. When I go home I sometimes take one route one time and then I take the northern route the next time, because they're both beautiful, scenic routes. But you cannot divide Montana and North Dakota in that distance as north and south for rail passenger traffic. It is impossible. The distances are too great in between.

So, as one, I appreciate your testimony.

Senator MANSFIELD. Thank you, Senator.

The CHAIRMAN. And I think the committee should act to continue the Commission and then we will introduce legislation for a postponement to settle some of these matters. This is my opinion of it.

Senator MANSFIELD. If the committee would report out something today I could assure the chairman that the Senate would be ready to take it up tomorrow, because we are approaching a deadline and the need for action is on us.

The CHAIRMAN. Saturday is the deadline, is it not?

Senator MANSFIELD. That is right.

Senator HATFIELD. I would now like to call upon our distinguished ranking minority member, Senator Cotton, from New Hampshire.

Senator COTTON. I will not take much time because there are other Senators waiting to testify. I think the distinguished majority leader has made a statement that is of great value to this committee. Naturally and for obvious reasons, he has concentrated somewhat on the problems of his own section, but he also raised some very general questions. I think that most members of this committee realize that we are on the banks of the Rubicon right now.

This Senator had some doubts at that time when the original act was passed as to whether we were not on the way to nationalization of the railroads and as to what would happen if we took over the responsibility for providing rail passenger service.

This Senator finds himself in accord and great sympathy with some of the questions raised by the majority leader. We have got to face up to these matters now or we will find ourselves halfway down a road from which there is no return.

I think the Senator would agree to that, would he not?

Senator MANSFIELD. Yes, indeed.

Senator COTTON. I would like to just ask you one question. Does the Senator feel—and he is in the prime position to make a decision on this point even more than this committee—does he feel that the confirmation of the directors of Amtrak should be held up until we face up to this whole situation, or until some bill can be acted on that will grant some time, or does he feel that we should go ahead and implement the organization as it was created and they try to work from there?

Senator MANSFIELD. Well, may I say to the distinguished Senator from New Hampshire that, as he knows, that is a decision for the committee. But as a Senator from Montana, I feel very deeply about the effect this will have on my State and the people whom I have the privilege to represent.

Frankly, I see no need to rush these nominations and, of course, as the Senator knows, any Senator who asks that a hold be put on a nomination or a bill, that hold will be observed for a reasonable period of time; so I would not suggest we act too hastily.

Senator COTTON. I think I get the message. Thank you.

Senator HATFIELD. Senator Mansfield, I would just like to comment briefly, because I think you have brought together so many of the points that relate to this problem and in a very brief and very excellent manner.

I had my suspicions about this whole proposition when I read the preliminary report made to the Secretary of Transportation, Mr. John Volpe, dated November 30, 1970. I feel that probably the most devastating of all criticisms that could be made is to go back to that original concept to show basically how inadequate the whole proposition was from its very origin. In that preliminary report, and I hold here before you the map, indicated—there was absolutely no north/south traffic service provided between Seattle, Portland, San Francisco, and Los Angeles. It was totally void of any north/south service. Here is a part of the fastest-growing section of the United States and there was no

recognition given at all to the population trends and the existing centers of population on the west coast. Furthermore, there was no service provided for Los Angeles to the Southwestern States going eastward to Houston and New Orleans—it was totally void of any service.

Now, to me, that indicated right from the very beginning that this whole proposition was ill-conceived, poorly studied, and poorly presented. Fortunately, before the final report was made on January 28, 1971, due to the protests of the Senators from Washington, California, and Oregon, we were able to restore some north/south service between Seattle, Portland, San Francisco, and Los Angeles. Then, along the centers of the Southwestern States, service was provided from Los Angeles through Texas to New Orleans.

But I could not help but be impressed by your comment that there has been anything but encouragement for potential rail passengers. Let me just indicate to you that as far as the State of Oregon is concerned, we have found almost an arrogance—more than indifference—as far as the Southern Pacific is concerned, which goes throughout our entire State, and as it relates to passenger services over the last 15 or 20 years. Their railroad stations have not provided the service for passengers to buy tickets, the attitude of the people who are serving passengers on those few trains that are left—all of this would indicate almost a deliberate policy by the Southern Pacific to discourage passenger service in hopes it can abandon the service entirely.

Now, it goes beyond this. If you go to any community in our State along the north/south route of the Southern Pacific, you will find that in any civic enterprise or undertaking—whether it is the United Fund or whether it is some special project to build a YMCA addition—one of the poorest participants as far as the corporations are concerned in Oregon is the Southern Pacific Railroad. This is not just one man's opinion; it is from community to community.

I was told when I first started in politics that if you really want to guarantee yourself an election, you can just go along the Southern Pacific Railroad line and campaign against it and you can win any election in Oregon in those counties and in those areas.

This may sound highly critical of the Southern Pacific, but let me say my bread and butter came from there. My father was a blacksmith on the Southern Pacific Railroad for almost 40 years and I have ridden many a mile on a Southern Pacific pass, and I have a great warmth and affection for that railroad, and for all railroads. Frankly, I just hate to see this happen to the whole railroad system in this country.

I only wanted to add those few words because, for the last few years, I have been studying the possibility of nationalizing at least the passenger service of railroads in this country. I have traveled on a few European railroads and have seen what they can provide for passenger service in a fine manner. I think it could be said that for those of us who really support and really believe in rail service that we are here as friends today and not as opponents or critics, but really here as friends. And I believe that is your role, Senator Mansfield, here this morning, and Senator Church, and Senator Burdick, and the others who are going to be testifying.

We may sound critical, but I think the railroads have asked for it, frankly, in this area of passenger service. I very much appreciate

your comments because I think they are fair. I think they are right to the point, and, again, I just cannot help but feel that we speak here as friends and not as enemies of the rail service of this country.

Senator COTTON. Would the Senator yield for a second?

Senator HATFIELD. Yes, sir.

Senator COTTON. I just wanted to say at this point that the distinguished Senator from Oregon does not even know what arrogance is. The principal railroad in my section of the country filed an application with the Public Utilities Commission of my State for authority to take up the rails of a double track connection from Northern New England to Boston. At that time I was in the State legislature. They had a hearing and after the hearing had reached the third or fourth day, it was discovered that they had torn up the rails 3 months before they entered upon the hearing. The rails in question had all been taken up.

But I do think the record should show this, and I am quite sure that the distinguished Senator would not object to this. I think we have delegated to the directors of Amtrak an almost insurmountable and impossible task involving much more than many who voted for the bill had in mind. They found themselves in the position where railroads were continuing service with the expectation of being relieved from doing so in the future. This was service of course, upon which the railroads claim to be losing large sums. They were under that pressure.

Those railroads, I suppose, if there were 6 months' delay, would be seeking some aid or some relief from utility commissions and the ICC, although I cannot imagine they could get much of a decision from the ICC in the short period of 6 months, but perhaps they would.

But I do think the record should show that while we all recognize that we are up against a far-reaching decision, that what we do in the next few days or the next few weeks, as I said before, commits us to a pathway from which it is hard to turn back. I do think that the incorporators have earnestly and sincerely done their level best to carry out what they understood to be the direction of the Congress. When we feel it is necessary to stop, look, and listen regarding this, it is not a reflection on their good faith and their attempts to do what they have done, even though it has left many sections of the country in a situation for which there is justifiable complaint.

I think the record should show that, and I hope the Senator would not object to that.

Senator MANSFIELD. Not at all. I only know Mr. David Kendell, and I have a high regard for him and I think he is doing the best he can under the most difficult of circumstances, so I would agree with the Senator from New Hampshire in what he just said.

May I say also, in complementing what the Senator from Oregon has stated, as I recall, there is no north/south line between Chicago and Seattle. Furthermore, in Montana, we used to have three trans-continental lines. The third one was the Milwaukee, which now runs freight only, but which deliberately cut down on its passenger service a division or so at a time until it is out of the passenger service, at least as far as the Dakotas—South Dakota and Montana and Idaho and Washington are concerned. But the Milwaukee was not a land-grant railroad, so it had some justification.

I would like to conclude by agreeing with the chairman of the subcommittee, by saying, yes, we love the railroads. We loved their romanticism and their convenience, but we think, as they do, that we need the railroads and we would like to see them put their slogan in operation and continue to give—or give to the people the kind of service which they deserve and the kind of service on which the land grants to the GN and the NP were allowed for in the first place.

So I thank the chairman and the committee for its support.

The CHAIRMAN. Every other section of land——

Senator MANSFIELD. Out in the Swan River country the NP has big forests up there. They have got it down in the Gallatin. They have got a vice president for oil. So they are getting things besides a roadbed, but what they want to make of Montana is a roadbed for the convenience of Chicago and the densely populated urban areas, and we think we are just as much a part of the Union as any other State; and not only that, but the chairman of this committee loses the NP in the State of Washington, and for all I know, he may lose the Spokane, Seattle, and Portland train which goes down from Spokane to Portland.

So we are all in a pretty tough box on this, and the only people who can do something initially is this committee.

The CHAIRMAN. Well, now, as I understand it—and I want the assurance of the Senator from Idaho and the Senator from North Dakota—I do think we have to move swiftly to continue the Board. Then, we would have to suggest by legislation, if necessary, that we postpone the definitive action for at least 6 months.

Is that the understanding?

Senator MANSFIELD. That is correct, and it will have to be done by Saturday, which gives us 3 days.

The CHAIRMAN. All right. Because without the Board, we cannot even get in to talk about this. In the meantime, it is my understanding that the rail situation will remain as it is.

Now, there are a lot of applications in front of the ICC due to the act we passed, Senator Smathers and I, in 1958, the Transportation Act, which turned over some of the jurisdictions for the abandonment of certain lines to the ICC rather than the State commissions; and as a result, some of them, in all fairness, should have been abandoned. They were held up for years by State commissions.

But the routes we are talking about now, to me, are fundamental to the rail transportation of passengers in the United States. They are not the kind of spur line where it obviously was not working, either freight or passenger.

So the committee will proceed with the nominations and will proceed with the piece of legislation.

I want somebody to tell me—I just read in the paper this morning that there is a court action. Has it been filed?

Senator MANSFIELD. The State of Montana has instituted a court action.

The CHAIRMAN. You mentioned that. So, in any event, the May 1 date is very impractical due to the situation right now.

Senator MANSFIELD. Very impractical.

The CHAIRMAN. It is very impractical in my opinion, and I only speak for myself. I do not speak for the committee.

Senator MANSFIELD. Well, you are a good voice to speak on it.

The CHAIRMAN. Before you go, Senator Mansfield, Senator Hartke has been holding some hearings on this and he may want to ask one or two questions.

Senator MANSFIELD. I would be delighted to try to answer them.

Senator MAGNUSON. He is chairman of the Subcommittee for Surface Transportation and has direct charge of these things—indirect charge—I will amend that.

Senator HARTKE. Let me say to Senator Mansfield, I was not here during your statement. I was down in front of the Rules Committee trying to get some money so we can provide a continuation of the study which needs to be done in this field which, frankly, in my opinion, has not been done by the Congress up to this time.

I will say, as I did before the Rules Committee, unless we have an adequate staff to do it, it is going to be impossible for us to do it in this field or any other field. This is a very serious matter. I am quite aware of that fact.

My own opinion is that the main difficulty here is the fact that this measure probability was not properly funded in the original instance. It is another example of trying to do a big job with only part of the necessary money, and I think that if we were to follow the procedure which I originally outlined in a bill which would have provided us sufficient money, we could have had the comprehensive service which this country needs.

We were assured at that time by the administration that this more limited approach could provide for that service and I am hopeful, since we have the incorporators here this morning, we can touch upon that; and certainly the questions which you have raised this morning will be directed to them.

Senator MANSFIELD. May I say, Senator Hartke, that if the Railpax proposal goes into effect on Saturday, there would not be much need for a study. So if you are going to have a study you had better keep the lines going and not allow Mayday to occur as far as the rail transportation industry is concerned.

Thank you.

Senator HATFIELD. Thank you, Senator Mansfield.

I will be happy to turn the gavel over to our regular subcommittee chairman, Senator Hartke.

Senator HARTKE (presiding). I want to thank Senator Hatfield for taking over this morning. Really, Senator Magnuson, I sometimes wonder about this dubious honor which you have conferred upon us.

Senator Church, we will be glad to hear from you.

STATEMENT OF HON. FRANK CHURCH, U.S. SENATOR FROM IDAHO

Senator CHURCH. Thank you very much, Senator Hartke, and members of this committee.

I warmly endorse everything that the majority leader has said this morning and I am encouraged by what the distinguished chairman of the committee, Senator Magnuson, has said.

I think it is very important that we take rapid legislative action to forestall the elimination of rail passenger service that would result if the plan that Amtrak has presented does take effect on May 1.

There is an obvious need for better congressional guidelines with regard to this new passenger system. So far as I can tell, from the cor-

responsidence that I have had with the incorporators of Amtrak and with the Secretary of Transportation, this system has been set up on the basis of retaining only that service which can be shown to be profitable.

Mr. Chairman, if that is the kind of passenger service Amtrak is going to furnish the American people, why did we pass the bill in the first place? Why is there a public subsidy in the first place? Why did we not just leave this matter to the railroads and let them eliminate all service that was not profitable? What is the object of congressional intervention or what is the justification for the use of public money. It seems to me so clear that the intent of Congress has not been carried out.

I appreciate the chance to appear before the committee this morning and want to make it clear that with respect to the proposed system, whether it is called Railpax or Amtrak, I think it does not conform with the intent of Congress when we passed Public Law 91-518 last year.

I support improvement and preservation of this Nation's rail passenger system. I support innovative programs to increase ridership. I support research to make high-speed train travel in our Nation economically feasible and practically sound. I will support legislation which may be necessary in the future to achieve these goals for I strongly feel that rail transportation must become an integrated part of any permanent and adequate national transportation system.

I do not support Amtrak as it is presently constituted. It is not in conformity with but, in my judgment, in clear derogation of the expressed purpose of Congress in passing the Rail Passenger Service Act of 1970 when we tried to make it clear that the objective of the Congress was to see to it that rail passenger transportation was preserved on a national scale. The actual proposal leaves six States totally devoid of any rail passenger service whatsoever.

The CHAIRMAN. Will you put in the record there—or Mr. Chairman, the six States that are involved?

Senator HARTKE. Yes.

Senator CHURCH. If I recall correctly——

The CHAIRMAN. We will get the States.

(The information follows:)

The six States that are totally devoid of any rail passenger service are Idaho, Maine, New Hampshire, South Dakota, Vermont, and Wyoming.

Senator CHURCH. The population of these States exceeds 4 million people. They are simply dropped off the map and left without any form of rail passenger service.

My State, Mr. Chairman—and you know it well—has been given passenger service to Sandpoint, which is in the northern panhandle of Idaho and is removed from all of the principal population centers of the State, Pocatello, Twin Falls, Boise, the State capital, by many hundreds of miles. Boise, for example, is 440 miles from Sandpoint. Pocatello is 534 miles from Sandpoint, and Twin Falls is 573 miles from Sandpoint.

Thus, the system leaves no service whatsoever to that part of Idaho where most of the people live. I have received hundreds of letters from concerned Idahoans asking that rail service be preserved. In

response to their pleas I introduced on February 26 of this year S. 1018, a bill which would require the Secretary of Transportation to designate, and the incorporators to implement, an extension of the basic system to include at least one major population center in each of the contiguous 48 States.

I want to indicate for the record that the following Senators have joined in cosponsorship of this bill: Senators Mansfield and Metcalf from Montana, Senator Jordan from Idaho, Senator McGovern from South Dakota, Senators McGee and Hansen from Wyoming, and Senators Fulbright and McClellan from Arkansas.

I feel this would be a sound approach inasmuch as it leaves considerable discretion in the hands of the Secretary to choose the most feasible routes, and treats with equity all of the States involved in the system. It would aid immensely in making the network the truly national system which Congress envisioned.

I am informed, Mr. Chairman, that the distinguished Senator from Ohio, Mr. Taft, has also introduced legislation which would enlarge the public subsidy to Amtrak to cover the cost of adding certain designated lines, one of which would run through the southern portion of Idaho.

The CHAIRMAN. Senator Church, as I said to Senator Mansfield, we must be prepared in Congress to furnish the sufficient funds to provide the things we are talking about here and I think we are willing to do it if the system is national in scope, as you point out, and serves the places that we think should be served. Otherwise, I think there is no justification to provide any funds.

Senator CHURCH. Exactly so.

The CHAIRMAN. It would be hard to put through in an Appropriation Committee or in Congress itself otherwise, and this is what we have got to work out. That is why I think an extended period is vital and necessary at this time.

Senator CHURCH. I fully agree, Mr. Chairman, and I pledge to you every possible support in your effort to forestall the implementation of Amtrak on May 1. I think we have to have more time.

The CHAIRMAN. Obviously, you have got to have the funds to do these things that we think they should do, and we are the ones that are going to have to provide them—our portion of it. But when the railroads start to drag their heels on it, that is another story, in coming in, and I have been going through that up here for 25 years.

Senator CHURCH. Well, I simply want to stress that—

The CHAIRMAN. I mean, in this committee.

Senator CHURCH. Yes. Whatever solution this committee reaches, whether it is on the basis of the bill that I have introduced or on the basis of the bill Senator Taft or anyone else may have introduced, the objective must be reasonable service to all states—not frivolous service but basic service.

I understand the concern of the incorporators in wishing to avoid deficit operations, and I understand their desire to enhance income to this end. One method which might be used to enhance income has to do with the Post Office Department and the transportation of mail. This committee wisely provided for such a possibility when it enacted the Rail Passenger Service Act. Section 305 of the law authorizes the

corporation to carry mail. According to the committee report on S. 3706, rail mail transportation amounted to \$204 million in revenue to the railroads in 1969. The Union Pacific Railroad, which serves the southern part of my State, had mail income of \$13,378,676, of which \$10,926,926 was carried by freight trains, and \$2,451,750 by passenger trains. Since Amtrak is designed to carry passengers to many of our largest population centers, it would certainly seem feasible for more mail to be carried by these passenger trains. This could significantly enhance the income to Amtrak and enable it to expand its passenger system.

The CHAIRMAN. Just to show what a railroad can do, they started a mail train from Chicago to Seattle last week and it arrived six and a half hours early. That is how fast they can move it if they want to. They had to set there and wait for that period of time in the station to get unloaded.

Senator CHURCH. Six and a half hours must establish an alltime record.

The CHAIRMAN. Excuse me, 5¾ hours early.

Senator CHURCH. There is another possibility. It is obvious from reading the Congressional Record that there is serious disagreement over the action of the Department of Transportation and the incorporators of Amtrak. Considerable difficulty is being encountered in setting up the system and in seeing to it that workers affected by the proposal are adequately protected. A number of legislative remedies have been introduced accordingly, I hope this committee will give thought to the possibility of delaying the final implementation of Amtrak for at least 6 months to give Congress time to work its will on the proposals which have been presented.

I think it is very important that we do this. The damage done will be severe if trains are discontinued before Congress can act upon these proposals. A 60-day extension of existing service would avoid the problem of starting again from scratch those discontinued services which might be reinstated. As this committee wisely noted, in its report on the original bill: "Once passenger service on any given route is discontinued, stations, terminals, signals, and necessary trackage are abolished shortly thereafter; sales and marketing organizations are disbanded; travel is diverted to other modes and must be lured back to the trains from scratch."

Mr. Chairman, I ask that these remedial proposals be given careful scrutiny by this committee. We need a viable rail passenger transportation network for the whole country. Congress should come to the rescue of the States that have been left out.

Senator HARTKE. Senator Church, I want to thank you for your testimony this morning and for your appearance here.

Would you support additional funds to this corporation, this quasi-public corporation, which has been established?

Senator CHURCH. I would support such additional funds as may be necessary to establish a valid passenger service for the whole country which includes basic service to every State.

Senator HARTKE. Let me say to you that I find frequently—as I did the other day when Senator Taft appeared before us, and I did not mean to be disrespectful to his views—but I find people coming to us

asking us to abolish the ICC, to get rid of regulations, completely do away with regulation. On the other hand, as soon as they come in with that argument and then something like this happens, they say "Do not do away with this regulation." You cannot go both ways.

This committee is trying to find its way out of a tremendous transportation crisis and that crisis has occurred first in passenger service.

Now, let me say that I was not satisfied with the bill that we passed, but we were faced with the proposition that we either took in substance a compromise proposal which would be endorsed by the administration with severe limitation on funding, or take nothing at all on the passenger service. I do not think it takes an expert in railroad analyses to say that railroad passenger service generally in this country is inefficient, not on time, generally dirty, not convenient for the passengers.

Now, whatever the cause of that may have been, whether it was the inability financially, managementwise, or otherwise, for the railroads to provide that service, or whether they frankly did not want to do it, it becomes a matter which we could debate and have debated, as the chairman of this full committee said, for a long, long time. It is certainly nothing new.

But the fact is, we were of the opinion that we ought to try to go forward to providing some type of comprehensive, up-to-date modernized railroad service. If this was going to be done, we thought it would be a lot better to try to provide for a quasi-public corporation instead of subsidizing the railroads directly and hoping to get results. We would give it to an independent body which had its prime and only motive to provide for decent passenger service.

Now, assistance and subsidies to transportation fields is certainly not new. We have subsidizing of the airlines, subsidizing of the highway transportation, subsidizing of the barge lines; so mere subsidy in and of itself may have a bad connotation but it certainly is not a new reputation.

Now, let me just say here, the 1958 act was passed before I came to the Senate and Chairman Magnuson has referred to that before. It provides for discontinuance of these trains. From the number of applications on file and the numbers which have been granted or even presented to me the proposition that I want them to go ahead and ask for moratoriums on them. That is still the law of the land. Unless we take some definitive action here to provide for something, this bill which is before us at the present time has put a moratorium on that, a temporary one.

I am hopeful that we can come up with some type of solution. Some railroads are in trouble—we have the biggest transportation company serving right here in this area, the Penn Central, in total reorganization proceedings under the bankruptcy law. I just talked to the president of the Penn Central today, Mr. Moore, to get an up-to-date progress report as to where they are going financially, and he says the attrition of cash was at the rate of \$1 million a day when he took over and they have now successfully reduced that to about \$500,000 or \$600,000 a day. But he pointed out to me, he said, "Now, Senator, I want to tell you that the railroad did not get into this kind of condition overnight and we are not going to be able to perform miracles

to bring it back on its feet." You suggest that if we are going to give the subsidy that we only permit it on those lines that make money. I am telling you that most of the railroads would tell you that if they had their way, they can show you—at least according to their own bookkeeping records and I do not know if you can trust any of those any more—but the point still remains that they can show you that practically none of the passenger service, in their opinion, is worth salvaging.

Now, as I said before, I would have funded this bill at a much higher rate—

The CHAIRMAN. The trouble is, they keep three sets of books.

Senator HARTKE. Let me just make one other point. Even if we can—and I am not at all opposed to what the chairman suggested of a 6-month extension—but we have until May 1. Now, we have to do either one of two things. We have to pass some legislation. I do not know what the administration's attitude is, but I do know that in the House they have not been able to report a bill out, in spite of the fact that Chairman Staggers has indicated he is not opposed to it. All I am trying to say is it does us little good here to bemoan the fact of what is going to happen to passenger rail service unless we can come up with something that is going to solve the problem and not postpone it forever.

Senator CHURCH. I agree with much of what you have said, Senator Hartke. It seems to me that the Congress and this committee can take one of two directions.

One is simply to say there will not be public subsidy. The Government will not undertake to make public money available for the purpose of preserving rail passenger service and every railroad is then free, following the correct procedures as established by the existing law, to terminate all passenger service that is not profitable; or we can say there is a public interest to be served in maintaining a basic system of rail passenger transportation, and that for this purpose we are willing to make public funds available; and that is the decision which was made last year.

Obviously, the money provided to begin with was not sufficient. In addition, the guidelines to the incorporators failed to make clear that the Congress intended that this system should be at least adequate to provide basic service to the people of the country, including all the States, and that, I think, is what we now must do.

I hope we can do it before this present system takes effect and rail passenger service is discontinued in such a way that it becomes exceedingly difficult to resume.

Senator HARTKE. I understand. Chairman Magnuson has introduced a bill to provide for a national transportation system. This country does not have one, it plain does not have one. That is a fact of life.

We see a crisis here at this moment in the passenger service. And I say to you, and I warn the people of this country, I am going to tell them now that what they see in the passenger services, they will see in the freight service, and they will also see it in the airlines very shortly, a crisis of such major proportions, that the amount of money that is going to be requested of the taxpayers of this country is going to be overwhelming.

And then we are faced with the proposition that where the country is going to be taking over, nationalizing, all these industries. That was suggested, as you recall, in the latter part of December when we passed emergency legislation for the Penn Central loans.

The crisis is here. I do not see that type of initiative from the DOT, from this administration, from the ICC and, I am sorry to say, from the Congress, of being aware of the crisis proportion in our transportation industry.

It is in danger of major collapse of such a severe nature that it will shock the country to its very roots.

Senator CHURCH. As you know, many other nations have nationalized their transportation and operated on that basis. I think we took a half-step towards nationalizing the rail passenger service when we passed this bill last year. And we did it because we felt the public interest required that adequate rail passenger service be preserved.

Now if this quasi-public corporation infused with public money is going to operate the passenger service just the way the railroads did and limit the system only to those particular lines that can show a profit, why have we done this?

We must face this question now, and quickly, before this whole pattern becomes hardened into cement.

Senator HARTKE. Let me say to you, the incorporators and Mr. Kendall are going to be here, and they are in the room now and listening to all you have to say, and I am sure they will try to give you the best answers they can from their side of that. I hope you will look at the record. And if you do not, I will be glad to talk to you about it.

Senator CHURCH. Fine.

The CHAIRMAN. I have said over and over again, if we are going to have some of the lines we think are necessary for the national transportation passenger service, that Congress is going to have to put up their share of the money, and this is the only way. Otherwise there is just no justification for it at all.

And the trouble is, I have always found it has been difficult for me over the years to segregate a railroad financial sheet as between passenger service and other kinds of service. And if we are going to have this one, we have to face up to it.

I have no doubt that the Corporation would be glad to do this if they felt they could see their way financially; and I think we can do it, because we are going to pay for it out of the other pockets, some other way, if we do not.

We were hopeful that we could stem what Senator Hartke talks about, any possibility of people thinking about nationalization. We have the only private enterprise system of transportation left in the world—railroads, airlines, truck lines, even the merchant marine. But we subsidize most of them to keep them that way. I think we have to give these people the wherewithal to do what we think they should do. And it is our responsibility, too. And we are not involved in too many lines here in this.

Senator CHURCH. I agree these matters must be given the most careful consideration.

The CHAIRMAN. I do not think any of us would advocate the continuance of a spur line or passenger service that obviously was

not paying its way. But you have got to connect it up with every State and you have to do the right thing.

I do not know how to run a railroad, but I have found that where the railroads have improved their rolling stock, passengerwise, that they have come along pretty good.

And the Penn Central problem was not their passenger losses. That was one facet. There were all kinds of things that caused this.

I think we have the technological know-how to make rail passenger service, the basic lines and the basic places that you testified about, run fairly well without too much subsidy, if everybody will go about it—and that is what we are here for.

Senator CHURCH. Mr. Chairman, you are familiar with Sandpoint, Idaho—

The CHAIRMAN. I am familiar with it.

Senator CHURCH. The incorporators have agreed to stop a train there, and I hope they do that.

The CHAIRMAN. That is because it is on the way into Spokane.

Senator CHURCH. That is right. It just happens to be on the line. There are 4 or 5 thousand people at most in the area to be served. There are 700,000 other people in Idaho who are simply deprived of any rail passenger service.

We are asking for basic equity within a system that makes some sense and can truly be called national in scope.

The CHAIRMAN. It is like the old story—if somebody in Boise said, "How do I get to Sandpoint to get the railroad?" the fellow said, "You cannot get there from here."

Senator CHURCH. That is right.

The CHAIRMAN. But I think we have to shape up in Congress if we want the kind of a system we are talking about in a few areas; we are going to have to contribute our share to keep it alive. We are going to save money in the long run, I think, because the highway situation is getting unbearable in some places, cramped and everything. Our only hope is that we can take some of these—Seattle-Portland is a good example, Seattle-Vancouver—by rail. It would take a lot of people off the highways which are now completely jammed. We do not have enough money out there to pay for gasoline any more, but they are jammed.

Senator CHURCH. Thank you very much.

Senator HARTKE. Thank you, Senator Church.

Senator Burdick, sorry to hold you up, but we are delighted to have you with us.

STATEMENT OF HON. QUENTIN N. BURDICK, U.S. SENATOR FROM NORTH DAKOTA

Senator BURDICK. North Dakota finds itself about midway between Chicago and the west coast, through which two transcontinental lines run, the Great Northern and the Northern Pacific. I have listened with interest to the testimony of my colleagues who just preceded me.

North Dakota, of course, is not ungrateful for the fact that the Railpax has selected the northern line as far as the northern part of the State is concerned. The Great Northern Line runs through the

northern half. Yet we have vast reaches in the southern half of North Dakota, including the capital, for which there is no service. There is a stretch of about 400 miles, and this connects with the Montana situation. But bear in mind, too, that South Dakota, our neighboring State to the south, with the loss of the Milwaukee, has no service at all. So we are talking in terms of a vast area without service.

But I want to commend the subcommittee for responding to, what appears to be an imminent transportation crisis by scheduling these hearings on the future of our Nation's rail passenger service.

I have just presented a statement before the Government Operations Committee urging the adoption of a national policy to correct the present population and industrial imbalance between metropolitan centers and rural areas. We are all aware of the outmigration from rural areas—from 1960 to 1969, a 9-year period, our farm population dropped from 15.6 million to 10.3 million.

There are many reasons for this—inadequate farm income, lack of job opportunities, a desire to share in the cultural and social offerings of urban life.

Mr. Chairman, I represent just such an area. In the past decade, when most States were increasing in population, the population of North Dakota decreased 2.3 percent.

There is perhaps no more important ingredient in the quality of a region's life than the adequacy of the transportation services offered its residents. In North Dakota the great distances between population centers and harsh winter conditions render imperative the availability of public transportation facilities. Unless we do something to alter present Railpax—or Amtrak—plans for this area, further aggravation of the rural-urban imbalance is inevitable.

North Dakota now receives rail passenger service by the Burlington Northern, in the north over the former Great Northern Line—and as I said, we are grateful for that—and in the south over the former Northern Pacific route. North Dakota's only service in the current Amtrak plan would be a daily train over the northern route, totally eliminating service to the southern half of the State.

North Dakota residents along the southern route consider this an intolerable situation. I also consider this intolerable and I would hope that a Nation now awakening to the problems created by neglect of our rural areas would also view it as intolerable.

I am a cosponsor of one of the proposals, S.J. Res. 88, to rectify this situation. This measure would authorize the appropriation of additional funds—and in further response to one of your questions, I will be certainly happy to support such additional funds—to establish six more Amtrak routes, one of which would offer rail passenger service to North Dakota communities along the former Northern Pacific route. The proposal, principally sponsored by Senator Taft, would provide a total of \$250 million, 25 percent of which would be used to undertake research and development in high-speed ground transportation.

Admittedly, this amount is an estimate of what may be required to get the job done. You have my assurance of support for legislation such as I have cosponsored, as well as for other proposals which take a somewhat different approach to providing needed rail passenger service.

In closing, I wish to repeat my view that we are not simply considering whether a particular city or region will receive rail passenger service. Rather, we are asking whether or not we are willing to take a much needed step toward halting the erosion of the quality of life in America.

Mr. Chairman, I thank you for this opportunity to appear. At this point, I respectfully request that some recent communications from North Dakotans be printed in the record of this hearing.

Senator HARTKE. They certainly will appear as part of the record. (The telegrams and letters follow:)

[Telegram]

FARGO, N. DAK.

Senator Q. BURDICK,
Senate Office Building,
Washington, D.C.:

Railpax now known as Amtrak has failed to implement the congressional act creating it as intended by Congress. Presently is in a state of confusion. Congressional hearing set for April 21st and 22d. 1. Delay effective date of Railpax operation. 2. Insist on broadened rail passenger network. 3. Insist on employee protective conditions equal to that which we have negotiated in the railroad industry. 4. Stop the slaughter of our passenger trains. 5. Stop the slaughter of our jobs.

ERLING WEE,
President, BRAC, Prairie City Lodge 1085.

[Telegram]

BISMARCK, N. DAK.

Senator QUENTIN BURDICK,
U.S. Senate Office Building,
Washington, D.C.:

Understand hearings scheduled April 21 and 22d in connection with Railpax situation stop we feel Railpax Corporation continues to operate in anti-labor manner in complete disregard of intent of Congress and past labor practices in railroad industry. Urge you support move to delay effective date of Railpax operation to stop slaughter of passenger train service and railroad employees jobs and insist on employees protection conditions equal to that which we have negotiated in railroad industry.

JAMES M. McDONALD,
Chairman, North Dakota State Legislative Committee,
Brotherhood of Railway and Airline Clerks.

[Telegram]

GRAND FORKS, N. DAK.

Hon. QUENTIN BURDICK,
U.S. Senator from North Dakota,
Care U.S. Senate, Washington, D.C.:

Members of Lodge 488 Brotherhood Railway Clerks, Grand Forks, North Dakota, request you to use your good office to postpone effective date of Railpax. In order to give further study eliminating slaughter of passenger trains and jobs. Insist on employee protective conditions to equal that which we have negotiated in railroad industry.

JAMES H. PENDER,
Local Chairman, BRAC.

[Telegram]

MANDAN, N. DAK.

Senator QUENTIN N. BURDICK,
Washington, D.C.:

Mandan Chamber of Commerce and railroad brotherhoods this date mailed over 10,000 signatures to Senator Young urging the inclusion of the southern route of BN in the passenger train service under Railpax plan.

DEL SKJOD,
Manager, and C. J. Knoll Railroad Brotherhoods.

TRANSPORTATION-COMMUNICATION DIVISION OF BRAC,
St. Paul, Minn., April 19, 1971.

Re Railpax.

Hon. QUENTIN N. BURDICK (D-ND)
Senate Office Building, Washington, D.C.

GENTLEMEN: It is my understanding that congressional hearings are set for April 21 and 22, 1971 concerning the future of Passenger Trains that are to be operated under railpax.

I strongly urge you to Delay the effective date of Railpax operation and to work for a more broadened rail passenger network, in particular for some kind of service on the Yellowstone Park Line of the Burlington Northern Inc. (Former Northern Pacific) between Fargo, North Dakota and Spokane, Washington.

It is my understanding that the Railpax Corporation has not agreed to any kind of employee protection for the affected employees and is not following the past labor practices for protection of adversely affected employees and has a complete disregard of the intent of Congress when the law was passed in the last session, establishing Railpax. The membership of our organization and the employees who will be adversely affected are looking towards you Gentlemen for their protection, inasmuch that the Railpax law was established by Congress with the intention of improving on present passenger service rather than the complete elimination of Service through the southern portion of North Dakota and the result of no passenger service and no protection for the employees whose jobs are being slaughtered.

Very truly yours,

M. F. BRAUN.

NORTH DAKOTA JOINT LEGISLATIVE BOARD OF RAILROAD BROTHERHOODS,
April 20, 1971.

Hon. QUENTIN N. BURDICK,
U.S. Senate, Washington, D.C.

GENTLEMEN: As you are probably now aware that the Chamber of Commerce at Mandan and the Railroad Brotherhoods are securing thousands of signatures to ask you, our representatives in Washington, to do everything possible to include the southern route through North Dakota in the Railpax plan which will be implemented May 1, 1971.

It should be quite apparent to all of you by now that our citizens on the former Northern Pacific line from Fargo to Beach, North Dakota, are "stunned" to say the least that there will no longer be any passenger train service after May 1, 1971. And to think that an act of Congress which Railroad Labor supported in principle would permit the loss of these vital services to our college students, senior citizens and people without the means to fly or travel by automobile, under the so-called Railpax plan.

Everyday our telephones ring and people are asking—are they really going to take away our passenger trains? What can we tell them but that Congress passed the Railpax plan and they are the only people who can correct unbelievable injustice.

We would hope that a new passenger train image will be built, including a rearrangement of train schedules, reinstate the popular youth fare rate, and put U.S. first class mail back on trains. We subsidize the auto, bus, airplane and waterway traveler. Are rail passengers second class citizens?

We hope that you can advise the people along the southern route of the Burlington Northern before May 1, 1971, that the catastrophe called Railpax in its present form will not happen.

We have a large number of colleges along the old Northern Pacific route, namely at Fargo, Valley City, Jamestown, Bismarck and Dickinson and the present plan will leave our college students stranded during the severe winter months when auto travel is dangerous. Worst of all the state capital in Bismarck will have no rail passenger service. Our railroads were instrumental in winning World War II. What if we have World War III?

The discontinuance of Burlington Northern trains in this area will have a great impact on mail service to this area, so we trust that you will do everything in your power to amend the Railpax Act so as to save all our present passenger service.

Yours very truly,

C. J. KNOLL, *Chairman.*

Senator HARTKE. Senator Magnuson?

The CHAIRMAN. I just want to ask the Senator from North Dakota one question. When you speak of the southern route through North Dakota, which I know very well, you are talking also about connections to a more populated area across the State in North Dakota, when you leave Grand Forks, is that not correct?

Senator BURDICK. We are talking about the southern half of North Dakota which, populationwise, is about half.

The CHAIRMAN. Then you would be completely without service to the capital of North Dakota?

Senator BURDICK. Right.

The CHAIRMAN. Which uses rail transportation quite a bit, particularly in the wintertime. Sometimes that is the only way to get there from Fargo or places like that.

Senator BURDICK. We have a city in southern North Dakota which does not have air service and which will not have any rail service, and they are a hundred miles from Bismarck.

The CHAIRMAN. What we are talking about here is certain basic routes, rightly or wrongly, that the corporation left out that we think should be put back in, and if we are going to do that, take these basic routes—which, as you say there are a few of them, not scores of them—Congress then is going to have to give the corporation the amount of wherewithal to do this job.

Senator BURDICK. No question about it.

The CHAIRMAN. That is right.

Senator HARTKE. Thank you, Senator.

Senator BURDICK. Thank you, Mr. Chairman.

Senator HARTKE. I would just like to point out for the record at this time that under the bill which we passed and under the law which these people are operating, there was basically a difference in what originally this committee had thought should have been done. There is really only \$40 million in hard money available to them. There is \$100 million loan guarantees, and \$200 million loan authority to the railroads for them to participate.

Now this \$40 million which was granted in hard money is in comparison to the \$435 million which this committee really thought was necessary to provide for an adequate passenger transportation system. And if anything at all, I think probably and I am not excusing these

incorporators; I am interested in hearing from them—but I quite agree with the chairman: I do not see how we can insist they do more unless they have the money to do it with.

The CHAIRMAN. That is right. I agree with you.

Senator HARTKE. If we are really going to have an increase in the system, we need that.

I want to reemphasize one other point, this basic inconsistency that I find in the approaches made by certain individuals and Members of the Congress when they come before us and insist that the right of abandonment of track and deregulation be authorized on the one hand, and then come on and introduce legislation which insists not alone upon further regulation but really spells into legislation itself things which they say should not even be done by the Interstate Commerce Commission. That basic inconsistency continually appears before us, and I do not see how we can go in two directions at the same time.

I think that is part of our difficulty, if you want to know the truth. But that is neither here nor there.

The CHAIRMAN. I do not think it is too inconsistent to add to the national rail passenger system certain logical, necessary lines.

Senator HARTKE. Mr. Chairman, I am not in disagreement with you, but the question only becomes then, "What is logical?" and "What is necessary?" I mean, those are the terms that are heard.

I might tell you my home city of Evansville has been left off. As far as I am concerned, I think it is logical and consistent that Evansville should be included.

How do you like that, Mr. Kendall?

The CHAIRMAN. Get your oar in. This is the time.

Senator HARTKE. The next witness is an old acquaintance of ours, Tony Haswell, executive director of the National Association of Railroad Passengers. Tony?

STATEMENT OF ANTHONY HASWELL, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF RAILROAD PASSENGERS, WASHINGTON, D.C.

Mr. HASWELL. Thank you very much, Senator.

I have a statement which I will attempt to summarize in part, but some of it I will have to read because I believe it is so pertinent to the comments that have been made so far this morning.

I am chairman of the National Association of Railroad Passengers, with offices here in Washington. I appear on behalf of this association with our comments in review of the operation and administration of the Rail Passenger Service Act of 1970.

The NARP is a nonprofit corporation which represents the consumers and users of rail passenger service. It now has about 7,000 members throughout the country. Our specific objective is to obtain modern, needed train service for commuters and intercity travelers, wherever it is needed and useful, whether in corridors or for cross-country vacationers.

Our activities in furtherance of these objectives include working for the passage of constructive legislation; participating in selected cases affecting passenger service before regulatory authorities and the courts; and conducting a continuing educational campaign to acquaint

the public with the advantages and benefits of good passenger service, and the underlying economic and political issues involved.

The National Association of Railroad Passengers was an enthusiastic supporter of this legislation from its inception. After its enactment, we submitted our own report on December 21, 1970, to the Secretary of Transportation containing our suggestions for the basic system of passenger trains called for by the act. Upon issuance of the Secretary's final report on January 30, 1971, we wrote Amtrak Chairman David W. Kendall with our suggestions for its implementation. Upon announcement by Amtrak on March 22 of the services it planned to operate commencing May 1, we again wrote Mr. Kendall asking Amtrak to make what we believed were essential revisions in its proposed services. For the committee's information, I am submitting copies of this material, which I would like to have included in the hearing record.

Senator HARTKE. That will be made a part of the record.¹

Mr. HASWELL. Thank you.

Our report and letters, we believe, make clear that we accepted a fundamental tenet of this legislation—that if rail passenger service is to be revived and modernized in a manner truly responsive to public need and demand, and at a reasonable cost with relation to benefits derived, it must be drastically restructured and reorganized. Of necessity this means that quite a few trains now operating will have to be discontinued. Indeed, our December report was criticized quite severely by a number of our members because it did not, in their view, provide for enough routes and services.

Much has been said in recent days, both at the House committee hearings and elsewhere, about the apparent conflict between the for-profit corporation concept and the congressional mandate that it provide a truly national passenger system in the public interest. I believe that the Amtrak board is placing too much weight on the profit side of the scales. The ultimate success or failure of this venture should be judged on whether or not it provides modern, attractive passenger service on an acceptable cost-benefit basis, rather than on whether or not it earns a corporate profit. Nevertheless, I am not convinced that given determined management, proper organization, and adequate Government financial support for capital improvements, it is impossible for Amtrak ever to earn a profit. Hence we favor retention of the profit structure, for whatever it may contribute toward encouraging a businesslike, efficient, economical operation.

We believe that this legislation is basically sound. Considering the complexity of the subject and the relatively short time for its consideration by the Congress, I think that your committee did a monumental job. The only real drawback with the bill as it was written, which is widely recognized, is that it provided insufficient funding.

Senator HARTKE. Mr. Haswell, I just want to say to you again that I want to compliment you for the help you have been to our committee all the way through, and I could not agree with you more that this is the problem, very simply.

Not that there are not other problems, but that is the basic problem.

Mr. HASWELL. Thank you.

¹ See p. 93.

Other problems which have arisen since its enactment are traceable to errors in administration, and to the refusal of certain railroads to join the corporation, rather than the language of the act itself.

We believe that Congress should provide an additional grant of \$100 million to Amtrak. It now has available \$40 million in grants and \$100 million in guaranteed loans. At current prices, new rail passenger cars average close to \$300,000 apiece. Amtrak expects to utilize about 1,000 cars, so even if the entire \$140 million was spent on cars, less than half of them could be replaced with new equipment. And that would leave nothing for badly needed locomotives, reservation systems, computer and data processing systems, terminal and station improvements, track upgrading, et cetera. The more money that can be spent quickly on capital improvements, the greater likelihood there is that Amtrak will succeed both in terms of the public interest and of financial returns. Money which will be coming in from the railroads will not be available for capital improvements because of the need to cover operating losses during the early period of operation. Section 601 should be amended to provide for an additional \$100 million in fiscal year 1972 which should be available for rehabilitation and purchase of rolling stock as well as the other purposes now specified in this section.

In addition to increased funds for Amtrak itself, I believe that Congress must grapple realistically with the question of providing adequate passenger train service over the numerous routes outside the basic system which simply do not have the potential of ever being self-sustaining. Nevertheless, over many such routes there is a genuine need for train service. Some provide essential service for low income groups. Others provide service to smaller towns and communities; the need for service on the part of individual citizens therein is no less urgent than such needs of individuals living in large metropolitan areas. Yet others serve areas where alternate modes of transportation are infrequent, undependable, hazardous at certain seasons, or even nonexistent. In the field or air transportation, the Federal Government has for years recognized the need for financial assistance for supplemental air service to smaller communities where it would not be self-sustaining. Train service should be treated in the same manner.

We propose that this problem be met by a direct appropriation of \$50 million per year for a 3-year period for operating assistance for services requested of Amtrak by States and localities under section 403 of the act. In view of the desperate financial condition of State and local governments, the requirement that they come up with two-thirds of the losses of such services is wholly unrealistic. And I note that the State and local governments have apparently had no say in the formulas and methods that have been adopted by which their share of this money would be computed.

We suggest that if a State is willing to come up with 10 percent of the losses, Amtrak should be required to provide the service requested and the Secretary of Transportation be required to reimburse Amtrak for 80 percent of the losses. The absorption of 10 percent by Amtrak will provide it with an incentive to operate the service in an efficient and economical manner. Moreover, the additional services will help Amtrak by providing feeder and connecting revenues for its basic system services. I point out that the 80 percent direct Federal con-

tribution is identical to that now granted Canadian railroads when a government determination is made in that country that an uneconomical service must be continued in the public interest.

Section 403(b) should be amended by striking the words "a reasonable portion of any losses associated with such services" and adding the words "10 per centum of the solely related costs and associated capital costs, including interest on passenger equipment, less revenues attributable to such service." Section 403(c) should be entirely deleted. A new section 603 should be added:

Section 603. OPERATING ASSISTANCE

Upon a request to the Corporation by a state, local or regional agency for institution of intercity rail passenger service under the provisions of Section 403(b) of this Act, the Secretary shall reimburse the Corporation for eighty per centum of the solely related costs and associated capital costs, including interest on passenger equipment, less revenues attributable to, such service. There is authorized to be appropriated to the Secretary for purposes of this Section \$50,000,000 in each of the three fiscal years 1972, 1973, and 1974.

An excellent example of an area which could benefit from service financed under this section in northern New England. It will get no service under the proposed basic system, and probably does not have the potential for sufficient traffic volume for profitable operations. However, service by other modes of transportation has deteriorated greatly in recent years, and during the winter months, is particularly undependable. Moreover, an important segment of the northern New England economy is skiing and related resort activity, which can be ideally served by special trains from Boston and New York. Other examples, far from inclusive, of service which should properly be maintained with this assistance are Cleveland-Columbus; Detroit-Grand Rapids; Milwaukee-Green Bay; the radial services out of Chicago; Salt Lake City-Butte; Kansas City-Tulsa; Atlanta-Savannah; Oakland-Los Angeles via the Central Valley; Seattle-Vancouver; Duluth-Twin Cities; Buffalo-Scranton-New York; Portland-Spokane; Cheyenne-Denver-Pueblo; and Washington-Cumberland-Parkersburg, W. Va.

Much has been said in recent weeks about additional routes which should be included in the basic system to be operated by Amtrak, or tirely aside from services which might be requested by the States. Our own position is reflected in the report and correspondence submitted herewith. Upon consideration of the requests that have come to us since, and the many suggestions made by Members of Congress, Governors, mayors, and others, we believe that Congress should amend section 401(b) of the act as follows:

Add after the words "within the basic system" in lines 2 and 3 the following:

including service between the following points on a daily basis unless otherwise indicated:

Buffalo and Chicago via Cleveland and Toledo; Detroit and Toledo; Fargo, N. Dak. and Spokane, Wash. via Billings, Mont. at least 3 days per week; and St. Louis and Laredo, Tex. via Little Rock, Dallas, and San Antonio at least 3 days per week.

We believe that the omission of Cleveland—a metropolitan area of close to 2 million people—is a violation of the spirit, if not the letter, of the congressional mandate in the act to provide a basic system. The Cleveland-Toledo-Chicago-Milwaukee corridor has been identified by

experts as one of our emerging megalopolitan regions. Potential for corridor service also exists between Cleveland and Columbus and Cleveland and Pittsburgh. In committee hearings and floor debate on this legislation, there was repeated emphasis placed on the undisputed proposition that the real volume potential for rail passenger service is in corridors through and between our densely populated areas. Excuses given for avoiding Cleveland do not stand up. Low patronage on existing trains is due to the policies of Penn Central and its predecessor New York Central for the past 15 years of downgrading service and discouraging patronage. Alleged high costs of operating the terminal are in all probability due to obsolete working practices and joint facility contracts which the railroad has made no effort to correct because it has planned to get out of the passenger business.

While Amtrak will provide service between Detroit and Chicago, a city the size of Detroit is also entitled to service to the populous east. A Toledo connection will enable such service to be provided via Cleveland and Buffalo.

I am told that the additional cost to Amtrak of providing alternate day service between Fargo and Spokane on both the Great Northern and Northern Pacific routes is only \$800,000 per year. This seems a bargain price to pay for continued service on the Northern Pacific route, which has considerable more population than the Great Northern route now slated for daily service.

A train between St. Louis and Laredo would serve Arkansas. Reestablishment of service between Dallas and San Antonio will seed a potential corridor. San Antonio and Austin would regain service to the Midwest. Finally, service to Mexico via Laredo will open up a large tourist market. This route clearly belongs in a truly national system.

An additional route over which continued service is clearly needed is Kansas City-Denver-Cheyenne-Boise-Portland. However, we do not see a profit potential on this route, and do not believe the losses should have to be picked up either by Amtrak, the Federal Government, or the States. The Union Pacific, initially constructed with the assistance of generous Federal land grants, is the wealthiest railroad in the United States. In 1970 it had record earnings of \$123 million. Upon joining Amtrak, it will save at least \$20 million annually by getting out of the passenger business. If it were required to operate for its own account a passenger train 3 days a week between Kansas City and Portland, its losses could not possibly exceed \$3 million annually.

I think it should be required to make a small contribution to the public by running a train there on its own account.

Accordingly, we suggest that section 401(b) be amended as follows by adding the following sentence:

Notwithstanding any other provision of this Act or of any contract which may have been entered into between the Corporation and the Union Pacific Railroad Company, the Union Pacific Railroad Company shall provide intercity railroad passenger service between Kansas City, Missouri, and Portland, Oregon via Denver, Cheyenne, and Boise at least three days per week until July 1, 1973, when its rights as to discontinuance of such service shall be governed by section 404(3) of this Act.

Aside from proposed routes and services, we have very fundamental reservations about the mode of operation that the Amtrak board has

apparently decided upon. In testimony before the House Commerce Committee on April 21, Chairman Kendall stated that Amtrak would have a very limited number of employees. I conclude that Amtrak intends to provide its services through contracts with the railroads rather than through an organization and staff of its own. Indeed, Amtrak will not even be collecting its own receipts in its own cash drawers.

We are convinced that if Amtrak is to succeed, it must build its own organization of officers and employees who run the services that the sales people are trying to attract the public to. The railroad passenger business is a labor-intensive personal service operation, closely analogous to the hotel or restaurant business. Employees in all essential functions must be fully accountable to management. Otherwise, costs cannot be controlled and service standards enforced. Unless the men and women operating the trains, serving food, selling tickets, servicing and cleaning equipment, and performing other essential tasks are Amtrak employees, receiving Amtrak paychecks, and directly accountable to Amtrak supervisors, there is little hope for ever providing rail passenger service of the quality necessary to attract meaningful numbers of travelers back to the rails and make a real contribution to our transportation problems. And assuredly there is no hope for Amtrak ever achieving a goal which seems so important to the executive, the Department of Transportation, and its board—that it become an efficient, economical, profitable operation.

As things stand now, Amtrak will bear a much closer relationship to the ICC than to any business organization, the chief difference being that it will endeavor to regulate the railroads through the enforcement of contracts rather than through a statute enacted by Congress. If as a result of poor performance by employees or supervisors, trains do not meet schedules or are otherwise deficient in service standards or in efficiency, Amtrak's only resort is to complain to the contracting railroad. There seems little prospect that the railroad will be any more enthusiastic about assuming the day-to-day headaches of passenger service for the benefit of Amtrak than it has up to now on its own account, despite the following provision in the Amtrak contract:

Railroad shall provide services hereunder in an economic and efficient manner and shall give appropriate recognition to the importance of on-time passenger train operations and passenger comfort and convenience. Railroad shall make every reasonable effort to maintain the schedules established by NRPC for its Intercity Rail Passenger Service.

Whenever a dispute arises, the railroad is certain to allege compliance with the court admonitions. If Amtrak is lucky, an arbitrator or court, after extended deliberation, may tell the railroad to try harder.

There are a number of other areas in which we believe that the Amtrak contract is seriously deficient. Nothing is provided for revision of labor work rules. To the extent that Amtrak utilizes jointly owned terminals, it must accept the terms of existing joint facility contracts. Amtrak has no right to insist upon revision of what may be arbitrary railroad restrictions on speed and other matters relating to use of track. Amtrak must pay for necessary upgrading of tracks even though the existing state of maintenance is below accepted stand-

ards for freight operation. The railroads have no obligation to allow Amtrak to handle mail and express traffic now on existing passenger trains. In contrast to the Amtrak contract, the Metroliner "demonstration" contract sets a specific standard for on-time performance, with a \$1,000 penalty for violations. Furthermore, it sets out specific standards of track maintenance which must be adhered to by the railroad at its own expense.

Fortunately, the Amtrak contract does contain a provision allowing operation by Amtrak personnel of trains on the tracks of railroads upon giving 60 days of notice. We believe that the act clearly contemplates the exercise of this provision, with railroads performing only those services which may be handled more economically by personnel who also perform the same services for freight or commuter services; in other words locomotive servicing in smaller towns; car cleaning in terminals also used by commuter trains, and so forth. Section 101 speaks of transfer of passenger service to the corporation. Section 405(c) confers benefits on corporation employees engaged in operations in the basic system. And perhaps of the greatest significance is the explanation provided by the Congress of Railway Unions of its proposed amendment to section 305, which amendment was adopted by the Congress:

The purpose of the part of section 305 to which the proposed amendment is directed is to require the Corporation to give employment preference to those railroad employees who are engaged in performing all services incidental to the operation and maintenance of passenger service. The existing provision appears to be ambiguous since it sounds in terms of "crews necessary to the operation" of the trains and thus seems to be limited to operating employees alone. The debate in the Senate points up the fact that all operating and non-operating employees who are involved with the operation of the passenger service, will be taken over or used by the Corporation to the extent that Corporation engages in the operation of the passenger service. The amendment would clarify this and would also insure that the Corporation would rely on the railroads to provide operating and non-operating crews to the extent that the railroads engage, by contract, in the actual operation of the service.

In enacting the Rail Passenger Service Act of 1970, Congress intended that rail passenger service would become truly attractive and responsive to public need. It did not intend that business would be done in the same old way by the same old management concealed by banners, stickers, flyers, and balloons labeled Amtrak. If Congress cannot obtain binding assurance from Amtrak that it will exercise its rights to build its own organization and run its own service, it must amend the act to require such action. We suggest the following language be inserted before the last sentence of section 305:

Consistent with the provisions of this section, the Corporation shall on and after November 1, 1971, perform with its own employees all full-time functions which are solely related to intercity rail passenger service provided by it under this Act.

Three railroads have now announced they will not join Amtrak. One of them, the Denver, Rio Grande, and Western, is the route of the world-famous California Zephyr through the spectacularly scenic Colorado Rockies. Upon receiving word of Rio Grande's refusal to join, Amtrak immediately announced that it would not run the Zephyr.

The only real market for long distance train travel in this jet age is

tourists and vacationers. A primary attraction is the opportunity to view our magnificent western scenery in safety and comfort. The California Zephyr traverses the most scenic route in the Nation. Moreover, it serves some of our most popular ski areas. Amtrak's hasty retreat in the face of railroad hostility seems a dereliction of its obligations toward the traveling public, and an abandonment of its stated goal of economic viability.

Rio Grande's refusal to join Amtrak and Amtrak's acquiescence in that decision makes it essential to clarify those portions of the act relating to the rights of Amtrak to operate on the tracks of nonjoining railroads. First, section 402(b) should be amended by deleting the words, "To facilitate the initiation of operations by the corporation within the basic system." This will insure that Amtrak's rights to immediate access to tracks does not expire the day after the "basic system" commences, and is not restricted to "basic system" routes.

Second, the following language should be added to the first sentence of section 404(a) :

... except for trains which such railroad operates on routes over which the Corporation elects to initiate service, which may be discontinued upon giving notice in accordance with the notice procedures contained in section 13a(1) of the Interstate Commerce Act.

It seems only fair to allow a nonjoining railroad to discontinue service over a route Amtrak choose to operate. For example, once Amtrak commences operating the Zephyr, the Rio Grande could discontinue its own train between Denver, Salt Lake City, and Ogden.

Third, the last sentence of section 404(a) should be deleted. This will remove all doubt about the right of Amtrak to perform service on any line it chooses to use of any nonjoining railroad.

Finally, we must consider the numerous proposals for a 6-month delay in Amtrak operations. We were very hopeful that Amtrak would be ready to go on May 1, but it is painfully clear that it is not. As of this date, it does not even have a chief executive officer, let alone a staff and organization. By next Saturday it will be able to do little more than to issue press releases and pray that the railroads have undergone a miraculous transformation in their attitude towards passenger service. But if Congress is as skeptical about such miracles as we are, we urge a 6-month delay to allow time for :

(1) Amtrak to build its own operating staff and organization. Among other consequences of its failure to do so up to now is its inability to avail itself on May 1 of section 402(b) as it is now written to operate the California Zephyr through Colorado on the tracks of the Rio Grande railroad;

(2) Amtrak to refurbish a significant number of cars, clean up stations, initiate improved reservation and information services, et cetera, so it can start out by offering the public something meaningfully different and better than what is its getting now; and

(3) The States to give full consideration to putting up the funds required of them if they wish to request service in addition to the basic system.

In our opinion, alleged railroad financial problems do not furnish a valid reason for allowing Amtrak to commence functioning in its present unready state. The primary purpose of the Rail Passenger Service Act of 1970 is to provide modern, attractive passenger serv-

ice. Financial relief for the railroads was contemplated as an additional, but clearly secondary, benefit. In case of conflict, the primary purpose must prevail. Passenger service is only one of several problems afflicting the Penn Central, all of which must be faced squarely by the Congress, as unappealing as that task may be. The intent of the Rail Passenger Service Act must not be perverted in a misguided and fruitless effort to bail out the Penn Central. To our knowledge, neither the financial solvency of any other railroad, nor the ability to serve shippers and commuters of any other railroad, will be impaired by losses on intercity passenger service operated between now and November 1, 1971.

Our association has filed in the district court for the District of Columbia an action to restrain any railroad from discontinuing any train on May 1 pursuant to notices previously posted, on grounds that less than 30 days will have elapsed by that date from the time contracts were signed under the provisions of section 401 of the act. The rail labor organizations have filed an action contesting the adequacy of protective conditions approved by the Secretary of Labor. I am informed that a number of other actions either have been or will be filed which may affect the ability of Amtrak to commence service on May 1 or the ability of railroads to discontinue trains on that date. These include contesting the power of Congress to directly allow discontinuance of intrastate trains; the right of a railroad to have a fully integrated and controlled subsidiary join Amtrak while the parent company stays out; the failure of certain railroads to serve notice on State Governors; and the designation of certain trains as intercity rather than commuter.

As you know, we worked hard to obtain enactment of this legislation. We are as convinced as ever that if Amtrak is properly organized, structured, and managed, it will be of great benefit to the American people. The extent that our comments today have been critical of Amtrak's errors and omissions is simply a reflection of our determination to make it succeed.

I thank you for the opportunity to testify.

Senator HARTKE. Tony, I want to thank you again not only for your statement today—and I take it in the spirit it is offered, that is, constructive criticism, and not anything else. I share with you most of your concerns, and I hope that you will continue to work with us in the hope that we can make it exactly what I think you want it to be; that is, the best passenger service system in the world.

Mr. HASWELL. We will certainly be right here to help you as long as we are needed.

(The proposal and letters follow:)

Modern Trains For A More Mobile America

A PROPOSAL FOR A BASIC SYSTEM
OF PASSENGER SERVICE TO BE OPERATED BY
THE NATIONAL RAIL PASSENGER CORPORATION



**NATIONAL ASSOCIATION OF
RAILROAD PASSENGERS**

417 NEW JERSEY AVE., S.E., WASHINGTON, D.C. 20003

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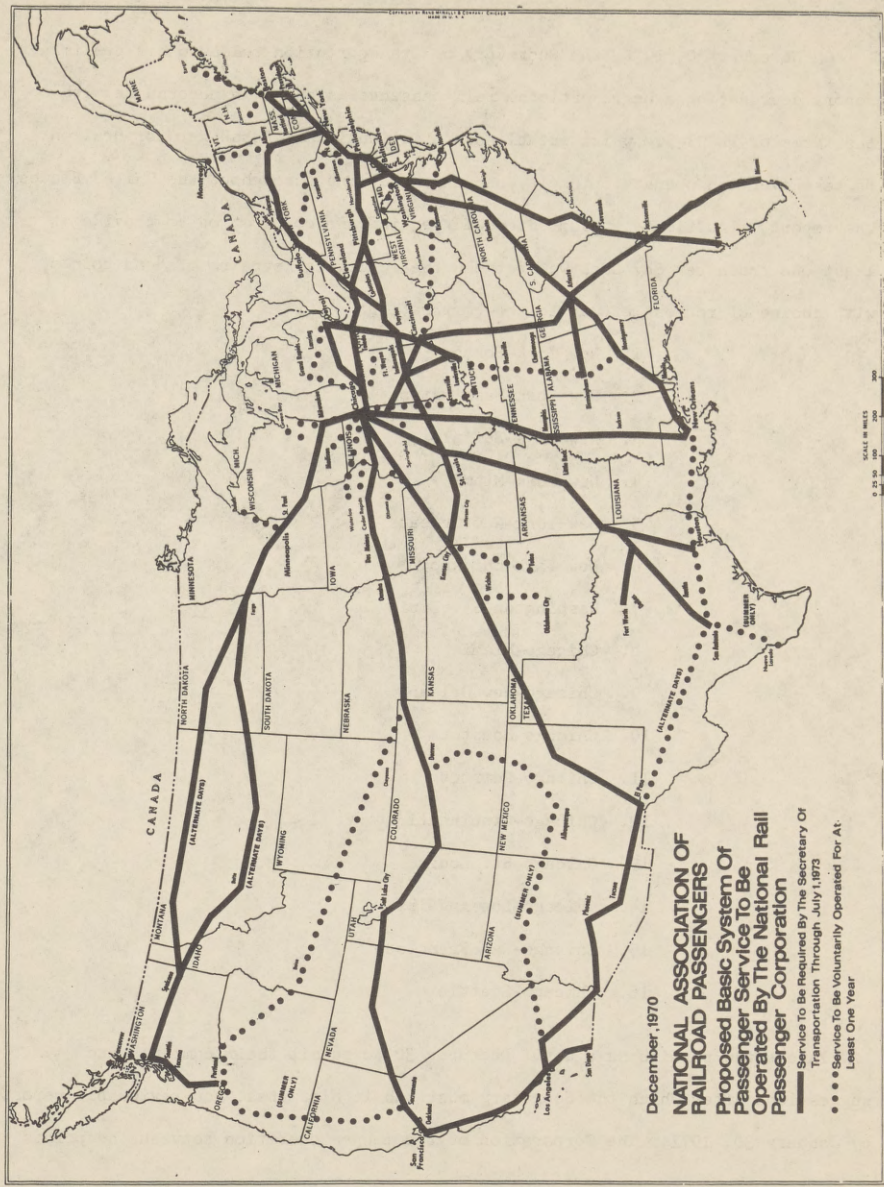
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I. Introduction

On November 30, 1970, the Secretary of Transportation released his preliminary report designating a basic national rail passenger system, in accordance with the terms of PL 91-518 which establishes a National Rail Passenger Corporation to take over and operate intercity passenger service throughout the United States. The report, if ultimately adopted, would require the corporation to provide at least one train per day each way between the following 16 pairs of "end points," with choice of routes left up to the corporation:

1. New York-Boston
2. New York-Washington
3. New York-Buffalo
4. New York-Miami
5. New York-New Orleans
6. New York-Chicago
7. Washington-St. Louis
8. Chicago-Miami
9. Chicago-New Orleans
10. Chicago-Houston
11. Chicago-Detroit
12. Chicago-Cincinnati
13. Chicago-St. Louis
14. Chicago-Los Angeles
15. Chicago-San Francisco
16. Chicago-Seattle

Interested parties have until December 30 to submit their comments and suggestions, after which the Secretary must submit his final, non-reviewable report by January 30, 1971. The Corporation must commence operation between the points

specified by the Secretary on or before May 1, 1971 and must continue such trains through at least June 1973. It may operate additional trains between these points, and trains between other points, at any time if consistent with "prudent management".

The National Association of Railroad Passengers believes that the need and place for intercity rail passenger service in any given area rests on one or more of the following general criteria:

1. Inherent economy of trains as compared to other modes, both in operating and in capital costs, for the movement of large numbers of people for short to medium distances.
2. Unacceptable environmental impact of other modes in terms of land use, noise, and air pollution, particularly in densely populated areas. Provision of modern, fast, environmentally compatible rail service will relieve pressure for environmentally destructive expansion of other modes.
3. Unique characteristics and advantages of trains to the traveller compared to other modes, either generally or in specific instances:

Safety

Speed

Dependability

Relaxation

Roominess

Amenities-dining and lounge service

Convenience of terminals

Sightseeing

Given a reasonably high level of travel demand between any given points, the public is entitled to a choice of modes including trains.

Nevertheless, train service cannot be provided on an economically sound basis to and from all communities which might wish to have it. Routes must be carefully selected which hold a reasonable prospect of economic viability in terms of overall cost-benefit relationships. Factors to be evaluated include:

1. Potential demand for modern train service, as measured by population and total travel volume by all modes.
2. Feasibility and costs of providing the necessary quality of rail service between given points so as to attract a significant volume of travel.

If trains are to attract large numbers of people now travelling by air, they must be fast enough in the context of city-center-to-city-center travel to nullify the airport-to-airport speed advantage of the airplane. If they are to compete effectively with the automobile, service must be frequent enough so as to offset the flexibility advantage of highway travel. Among other things, consideration must be given to distance; grades, curves, and circuitousness of existing rail lines; signalling systems; and the state of maintenance and upkeep.

The population figures used by the Secretary in his report and which will be used in this report are those for Standard Metropolitan Statistical Areas (SMSA) as defined by the U.S. Bureau of the Budget, and compiled by the Bureau of the Census. Point-to-point travel volumes by all modes are not readily available on a nationwide, uniform basis, but the Civil Aeronautics Board publishes such data for air travel. We believe that a comparison of air travel volume between any two city pairs of a comparable distance apart is probably a reliable indicator of the comparative total travel volume between the same points. Whenever air travel figures are used in this report, they indicate the number of persons travelling by air in one direction only between a given pair of cities.

SMSA populations of the 14 end points specified by the Secretary in this initial report are:

Boston	2,655,000
New York	11,575,000
Buffalo	1,350,000
Washington	2,818,000
Miami	1,130,000
Detroit	4,220,000
Cincinnati	1,400,000
Chicago	6,920,000
New Orleans	1,085,000
St. Louis	2,358,000
Houston	1,821,000
Los Angeles	7,070,000
San Francisco	3,082,000
Seattle	1,335,000

Daily one-direction air travel volume between, and rail distance between, the city-pairs designated by the Secretary are:

	<u>Air Travel</u>	<u>Rail Distance*</u>
New York-Boston	3,392	232
New York-Washington	2,636	227
New York-Buffalo	700	437
New York-Miami	2,333	1,390
New York-New Orleans	243	1,371
New York-Chicago	2,250	907
Washington-St. Louis	159	882
Chicago-Miami	770	1,543
Chicago-New Orleans	137	921

*Most favorable route currently operated.

	<u>Air Travel</u>	<u>Rail Distance</u>
Chicago-Houston	174	1,368
Chicago-Detroit	700	283
Chicago-Cincinnati	232	302
Chicago-St. Louis	578	284
Chicago-Los Angeles	784	2,222
Chicago-San Francisco	509	2,263
Chicago-Seattle	177	2,209

Evidence of a substantial volume of travel on existing trains, and of the inadequacy of service of other modes to meet the needs of travellers, is of some significance in determining points to be served by the new corporation. However, we do not believe that the scarcity or absence of present rail travel between any given points, or the apparent adequacy of other modes, should militate against the corporation restoring or continuing service. Train riders in all too many areas have been deliberately driven away by the railroads through provision of substandard service and failure to handle information and reservation requests. What may appear to be adequate service by other modes has quite possibly been obtained at the expense of the environment, or will do great harm in the future if it is to remain adequate in terms of travel demand.

NARP's recommendations are in three categories:

1. Additions to, changes in, and clarifications of the Secretary's initial report, the final version of which will "lock in" the corporation to the minimum amount of service that must be provided until at least July 1973.
2. Additional trains which should be continued and/or restored by the corporation and operated for at least one year from May 1, 1971.
3. Other routes and services which the corporation should consider operating.

We believe that the Secretary's report is a reasonable effort to design a viable network of passenger service. However, it contains some serious omissions, particularly of high density "corridors" on the West Coast and of essential "feeders" to the routes between the end points selected. Furthermore, we think the Secretary should identify more of the intermediate points to be served by the trains connecting the end points already designated; and that he should specifically prescribe the minimum frequency of trains to be operated over each route.

We recognize that the Congress in enacting PL 91-518 intended the management of the corporation to have considerable flexibility in setting up and operating a national system of passenger trains. We agree. However, we also favor another basic concept of the act - that rail passenger service must be thoroughly restructured if it is to be responsive to contemporary needs. We are concerned that if the management of the corporation is granted as much flexibility as the Secretary wants to give it, it may be tempted to take the easy way out for the short run and continue to operate many of its trains over the same routes between the end points they now traverse. Yet, in far too many instances, routes over which service has become fragmented or even non-existent have much more market potential, either because of greater population density, shorter distances, and/or better scenic attractions, than routes where through service is now provided.

Moreover, we point out that Section 402(b) of the Act empowers the Interstate Commerce Commission to require a railroad to "make immediately available" tracks and other facilities to facilitate initiation of operations between the points specified by the Secretary. If the Secretary's report specifies only end points, the corporation's choice of superior route A might be stymied by the refusal of the ICC to order the railroad to make it available if the railroad controlling inferior route B indicated a willingness to cooperate voluntarily with the corporation. But if enough intermediate points were staked out to pin down specific routes, the ICC would have to require the railroads involved to make that route immediately available.

The statute requires the Secretary to designate "points" between which inter-city passenger trains shall be operated. We believe that "points" means large intermediate points as well as the "end" points of any given set of trains. Unless such points are specified, a number of major cities could be left without passenger train service by decision of the corporation, including Denver, Indianapolis, Pittsburgh, Dallas, Cincinnati, Cleveland, Minneapolis, Birmingham, and others. We do not think that in calling for designation of a basic system by the Secretary, the Congress intended that he leave so much latitude to the corporation.

There is yet another reason why the Secretary's final report should be more specific--travel agents and tour operators are already making plans for next summer's business. Until it is known what routes will be operated, it will be impossible for these people to arrange for promotional programs and the numerous other matters which must be confirmed well in advance of the season. If routes were specifically designated by January 30, the due date of the final report, the season could still be salvaged. But if tour operators must wait until May 1, the date the corporation must begin operating the trains, they will have to turn to other modes or lose the business.

We are not unmindful that if intermediate points as well as end points are designated by the Secretary, railroads not serving such intermediate points will argue that the amount of money they must pay to the corporation must be drastically reduced under the optional computation provided by Section 401(a)(3)(B). This section allows a railroad to pay 200 percent of the 1969 avoidable loss on its passenger service operated over routes between points specified by the Secretary. We do not agree that the statute would be construed so strictly; a more logical interpretation would include service between any pair of points specified, whether intermediate or end points. In any event, we believe that the public interest demands that superior routes be specifically designated in view of the inevitable pressures that will be exerted to preserve the "status quo". It would be better

Secretary's report, where interested localities are willing to give meaningful help. As a last resort, states and localities can require the corporation to continue service if they are willing to put up two-thirds of operating losses.

Third, we will indicate some additional services that the corporation should consider operating, but which for a variety of reasons we cannot insist that it commence on May 1, 1971. In some instances, necessary tracks and other facilities probably cannot be made available by that date to provide a fast, competitive service. In others, we lack information as to market potential, or believe that absent a mail contract, labor work rules revisions, and/or state-regional assistance, the chances are substantial that the service would be too great a burden for the corporation to bear. Failure to mention other routes or services does not mean that the management of the corporation should not consider operating them.

In addition to regularly scheduled trains, the corporation is specifically empowered to operate special trains. We believe that the corporation should build up a pool of cars for special trips and excursions of all kinds, and for peak period demands, and should aggressively promote special movements. The ability of railroads to economically handle large groups of people is an important reason for maintaining passenger service. Every special train helps relieve other modes and facilities of travel demands which in many instances they are less able to handle than the railroads.

This report was prepared by the staff of NARP and is presented on behalf of its entire membership. Time did not permit a polling of our members for their specific comments on the Secretary's initial report. However, during the three and-a-half years of our existence, we have received many perceptive and intelligent suggestions from members with regard to restructuring of U.S. rail passenger service, which have been of invaluable assistance in this endeavor.

II. Mandatory Services -- Designation of Additional Corridors

A. Los Angeles-San Diego

This is one of the most densely populated and travelled corridors in the country. It must be included in the basic system. Relevant statistics:

	<u>SMSA Population</u>	<u>Daily one-direction Air Travel</u>
Los Angeles	7,070,000	290
San Diego	1,300,000	

Air travel, however, is only six percent of all travel in the corridor.

In view of the relatively short distance (128 miles), automobile travel volume is enormous. The automobile now accounts for 88 percent of the total. Highway traffic is increasing at a rate of 8 percent per year. Three remaining daily trains are suprisingly well-patronized despite running times that are longer than 30 years ago. While accounting for only a small portion of total travel, — over 600 persons still use the trains each day for all or part of the trip.

The Secretary should designate this route as part of the basic system, and require a minimum frequency of three trains a day each way. The corporation should intensively explore short-run methods of speeding up the service and increasing its frequency so that it can better compete with automobiles. For the longer term, southern California should develop a plan for upgrading the existing railroad, including double track, grade separation, and electrification. Southern California should work together with New England and other "megalopolitan" regions to obtain adequate federal financial assistance for regional high speed rail service.

B. Los Angeles-San Francisco

These cities are too far apart (470 miles by rail) for trains as we know them ever to compete for large numbers of air travellers. However, air travel figures are a good indication of a total travel market which staggers the imagination:

	<u>SMSA Population</u>	<u>Daily one-direction Air Travel</u>
Los Angeles	7,070,000	> 2,073
San Francisco	3,082,000	
New York	11,575,000	> 2,636
Washington	2,818,000	

Hence, we believe that Los Angeles-San Francisco travellers are entitled to a choice of train service as well as the other modes. Moreover, the coast line route includes some of the best scenery in the nation--150 miles along the Pacific Ocean. The "Coast Daylight" is an essential link for transcontinental tourists and vacationers who want to travel between Chicago and the Coast by different routes. We are convinced that if this train were operated at high standards and aggressively promoted, it could not help but be a moneymaker. Present low levels of patronage are due to a considerable degree to Southern Pacific's tactics of downgrading standards of service and discouraging business.

The Secretary should designate this route and require a minimum frequency of one train a day each way.

C. Portland-Seattle

While the potential volume as indicated by population and air travel is not as great as between the other West Coast cities, it is nevertheless substantial:

	<u>SMSA Population</u>	<u>Daily one-direction Air travel</u>
Portland	951,000	312
Seattle	1,335,000	

This compares favorably with some corridors as are already designated, such as Chicago-Cincinnati and New York-New Orleans. The route includes the important intermediate point of Tacoma. Moreover, the existing rail line is double track and well-maintained. It appears feasible to speed up service in the near future to provide a point-to-point running time of three hours - an average of 62 miles an hour for the 186 miles. Fastest time at present is 3 3/4 hours. Application of new technology like the United Aircraft Turbo-Train would permit further time reductions.

We ask that the Secretary designate Portland and Seattle as end points in the basic system, and that he require a minimum frequency of the present level of three trains a day each way.

D. Chicago-Milwaukee

The large volume of travel over this relatively short distance (85 miles) is mostly by automobile. However, despite reductions in frequency of service and lengthening of scheduled running times, approximately 800 persons per day still use existing trains between the terminals or to and from intermediate points. Expressways into Chicago are often jammed during rush hours, a condition which will inevitably occur with increasing frequency on Milwaukee's newly-opened expressway network unless some way is found to encourage more motorists to use public transportation.

Comparative SMSA populations are:

Chicago	6,920,000
Milwaukee	1,419,000

The Secretary should designate Chicago and Milwaukee as end points, and require continuation of the same number of trains as is presently being operated - eight each way - including one to and from Seattle and one to and from the Twin Cities.

The corporation should move quickly to speed up running times and establish a regular pattern of service throughout the day. The states of Illinois and Wisconsin should establish a regional agency to develop a truly high speed service with electric propulsion operating on a grade-separated right-of-way.

III. Mandatory Services Between End Points Initially Designated by the Secretary -
Designation of Essential Feeder Routes; Intermediate Points; and
Minimum Frequencies of Service

A. Northeast Corridor and New York State

1. New York-Boston

The "Shoreline" route and the Hartford-Springfield-Worcester route are listed as alternatives in the Secretary's initial report. We believe that the Secretary should require the corporation to provide service over both routes. However, neither is suitable for operating the type of high-speed NY-Boston service that will attract large numbers of people out of airplanes and into trains. New England must move as quickly as possible to get the necessary federal assistance to construct a high-speed electrified railroad between New Haven and Providence, and electrify the line between Providence and Boston. The act establishing the national corporation does not provide the necessary funds.

The Secretary should require the corporation to provide at least the same frequency of service as at present (8 trains a week day each way), at least one of which must run via Hartford. Additional service between New York and New Haven will be provided by the newly-created New York-Connecticut bi-state compact.

2. New York-Washington

"Metroliner" service should be expanded and improved as rapidly as possible.

Consideration should be given to the replacement of the locomotive-hauled equipment now used in New York-Philadelphia service with "Pioneer III" multiple unit electric cars equipped with intercity type seating. Many of these trains should operate straight through to New Haven.

The corporation should continue the present sleeping car services between New York and Boston and Washington and Boston, and should restore the sleeper

between New York and Washington. These "short" sleepers should be intensively marketed in an effort to determine what, if any, future there is for this type of service.

The Secretary should require the corporation to provide at least as frequent service on this route as at present (18 trains each way weekdays between New York and Washington, excluding NY-Florida trains, and 9 additional trains each way weekdays between New York and Philadelphia, excluding east-west trains.)

3. New York-Buffalo

The United Aircraft Turbo-Train should be transferred to this route from the New York-Boston route. The Turbo-Train will never do the job between New York and Boston that needs to be done; at the same time it is ideally suited for the curving New York Central right of way along the Hudson River, which will not be rebuilt or replaced in the foreseeable future.

An overnight sleeper service should be provided over this route including a through car to and from Toronto.

The Secretary should require the corporation to provide at least as frequent service as at present (5 New York-Albany-Buffalo; 3 New York-Albany).

B. New York and the South

1. New York-Miami

A connecting link between Jacksonville and Tampa-St. Petersburg should be designated by the Secretary. Tampa-St. Petersburg has an SMSA population of 915,000, and 310 persons travel by air in one direction between there and New York each day. The corporation should provide connecting train or bus service between Wildwood, Florida and Naples.

The Secretary should specify that all long distance trains to and from Miami must operate over the Florida East Coast through Daytona Beach. The primary purpose of these trains is to serve tourists and vacationers, many more of whom

go to and from the coast resorts than the inland communities.

Since most visitors to Florida come in the winter, the Secretary should require operation of the seasonal "Florida Special" in addition to one daily year-round train.

2. New York-New Orleans

Scheduling over this route presents some problems. At present, the "Southern Crescent" leaves New Orleans too early -- at 6:45 a.m. It would be most desirable to advance the departure time even more so that a 9:30-9:45 a. m. arrival in New York could be achieved, thus making the service more attractive to business travellers going from Atlanta and Piedmont points to New York. However, not many New Orleans people will be attracted to a 3:00 a.m. departure.

We suggest that this dilemma be solved by operation of two trains over this route, the "Southern Crescent" between Birmingham and New York, and a second train between New Orleans and Washington via Montgomery and Mobile on the following schedule:

7:00 PM	Lv	New Orleans	Ar	12:00 N
10:30 PM	Lv	Mobile	Lv	8:30 AM
8:00 AM	Lv	Atlanta	Lv	11:00 PM
8:00 PM	Ar	Washington	Lv	11:00 AM

This train should be consolidated with the New Orleans-Cincinnati train between New Orleans and Montgomery. It would connect with "Metroliner" service at Washington to and from New York.

The "Southern Crescent" should be scheduled between 4:30 PM and 9:30 AM from New York to Atlanta and return. With the exception of a Washington-Atlanta sleeper, the train should move as a unit between New York, Atlanta, and Birmingham, providing lounge and dining service all the way. The delay in Washington would be minimized. Consideration should be given to a New York-Charlotte sleeper.

The Secretary should designate Atlanta, Montgomery and Mobile as intermediate points on the New York-New Orleans route, and designate a connecting link between Atlanta and Birmingham. He should require a minimum frequency of one train a day each way between New York, Atlanta, and Birmingham and one train a day each way between Washington, Atlanta, and New Orleans.

C. East-Midwest

1. New York-Chicago

The Secretary has described a number of alternate routes for this service. We believe that he should specifically designate two routes via Cleveland-one via Pittsburgh and one via Albany - and require a daily train to be operated over each of them.

We suggest that the corporation operate these trains on the schedules shown below:

<u>Broadway Limited</u>				<u>20th Century Limited</u>			
4:15 PM	Lv	Chicago	Ar 9:45 AM	6:15 PM	Lv	Chicago	Ar 7:15 AM
11:00 PM	Lv	Cleveland	Lv 5:00 AM	1:00 AM	Lv	Cleveland	Lv 2:00 AM
1:45 AM	Lv	Pittsburgh	Lv 2:15 AM	4:30 AM	Lv	Buffalo	Lv 11:00 PM
8:15 AM	Lv	Philadelphia	Lv 7:30 PM	9:15 AM	Lv	Albany	Lv 5:45 PM
9:45 AM	Lv	New York	Lv 6:00 PM	12:00 N	Ar	New York	Lv 3:00 PM

The train via Pittsburgh would leave and arrive New York and Chicago so as to allow a full business day at each end. The proposed schedule via Buffalo would provide excellent service between upstate New York and the Midwest; give tourists and vacationers a good view of the Hudson and Mohawk Valleys, and give Chicago-New York travellers a choice of departure times. The corporation should provide connecting train or bus service between Albany, Pittsfield, Springfield, and Boston.

The Secretary should add to this basic system route a feeder between Toledo and Detroit. Through cars should be operated between Detroit and New York via Cleveland, Pittsburgh and Philadelphia. The Detroit SMSA has a population of

4,220,000 and Detroit-New York air travel now runs 1,090 persons a day in one direction. The added revenue to and from Detroit will strengthen the New York-Chicago train.

The train via Buffalo should carry a drop-off sleeper between Buffalo and Chicago, and the train via Pittsburgh should carry a drop-off sleeper between Cleveland and New York.

Selection of the Cleveland route between Chicago and Pittsburgh is mandated by the large intermediate population centers of Cleveland and Toledo. The mileage is about identical to that via the old Pennsylvania line through Fort Wayne. Use of this route will facilitate connections for Detroit. At this time, we are unable to say whether the Pennsylvania route via Alliance or the P & LE-EL route via Youngstown should be used between Pittsburgh and Cleveland.

Fort Wayne would continue to have service to and from the east via a bus connection at Waterloo, Indiana, only 25 miles away.

Cleveland is also the preferred route between Buffalo and Chicago, rather than Detroit. Operations in a foreign country are avoided. By routing the Detroit connection via Toledo rather than Buffalo, Detroit passengers would get service to and from Philadelphia and Washington as well as New York.

We believe that the Secretary should require two additional trains between Chicago and Cleveland; three between Cleveland and Pittsburgh; two between Pittsburgh and New York; and one between Cleveland and Buffalo.

We suggest that the corporation operate them on the following schedules:

11:00 A	10:00 P	Lv Chicago	Ar	4:00 P	9:45 P
6:00 P	5:00 A	Ar Cleveland	Lv	11:15 A	5:00 P
6:15 P		Lv Cleveland	Ar		4:30 P
9:15 P		Ar Buffalo	Lv		1:30 P
11:00 A	6:15 P	5:15 A	Lv Cleveland	Ar 1:00 A	11:00 A
1:45 P	9:15 P	8:15 A	Lv Pittsburgh	Lv 10:00 P	8:00 A
7:30 A	4:30 P	Ar New York	Lv	2:00 P	11:00 P

The 10:00 PM westbound departure from Pittsburgh would carry a Pittsburgh-Chicago sleeper which would be put on the New York-Buffalo-Chicago train at Cleveland. Eastbound, this sleeper would be carried on the 10:00 PM train out of Chicago.

Sleepers would also be carried on the New York-Pittsburgh overnight trains.

Consideration should be given to a Detroit to Toledo connection with the morning train from Chicago to Pittsburgh and a Toledo to Detroit connection with the afternoon train from Pittsburgh to Chicago.

2. Washington-St. Louis

The Secretary has designated as part of the basic system a route between Washington and St. Louis. Of the various alternatives, the preferred route appears to be Penn Central via Pittsburgh, Columbus, Dayton, and Indianapolis. The combined population of these cities far exceeds that of Cincinnati, the only large city on the B&O-C&O routes. However, the Secretary's plan does not provide for service between St. Louis and New York and between Chicago and Washington. All of these end points have a greater travel potential than Washington-St. Louis, as is shown by the following comparison of daily one-direction air-travel figures:

New York-St. Louis	455
Washington-Chicago	500
Washington-St. Louis	159

We suggest that in addition to the Washington-St. Louis route, the Secretary designate New York-St. Louis and Washington-Chicago as end points. He should require operation of a daily train between New York and St. Louis via Pittsburgh, Columbus, and Indianapolis, together with operation of a connecting "feeder" between Harrisburg and Washington. This connection would handle through equipment for both St. Louis and Chicago. The St. Louis-New York train should run as a second section of the "Broadway" between Pittsburgh and New York. Service between Washington and Detroit would be available through a simple change of cars en route.

The Secretary should also designate a connecting link between Columbus, Cincinnati, and Louisville, by which through service would be provided between these points and New York. Inclusion of Cincinnati and Louisville in east-west service appears justified by the following figures:

Cincinnati SMSA population	1,400,000
Louisville SMSA population	808,000
Cincinnati-New York air travel	300
Louisville-New York air travel	165

Service between Louisville, Cincinnati, and Washington would be available through a simple change of cars en route.

D. Midwest-South

1. Chicago-Miami

We strongly believe that a daily service should be operated via Indianapolis, Cincinnati, and Atlanta. If it is, a maximum number of the large midwestern cities can be served. The Memphis and the Louisville-Birmingham routes are too circuitous. Neither the Fulton nor Evansville routes reach any large midwestern cities other than Chicago. An Indianapolis-Louisville-Atlanta route would be more circuitous than Indianapolis-Cincinnati-Atlanta; moreover, Cincinnati is larger than Louisville. Perhaps of most importance is the opportunity for providing Florida service to Detroit, Toledo, Cleveland, Columbus, and Dayton by connecting trains at Cincinnati. The potential for this service is shown by the following daily one-direction air travel figures:

Chicago-Miami	770
Indianapolis-Miami	76
Cincinnati-Miami	122
Detroit-Miami	386
Toledo-Miami	21
Dayton-Miami	40
Cleveland-Miami	235
<u>Columbus-Miami</u>	<u>70</u>
Cleveland-Cincinnati	101
Detroit-Cincinnati	82

While there have been no passenger trains operated between Cincinnati, Atlanta, and Jacksonville for the past year or two, the existing tracks are well-maintained. We ask that the Secretary designate Indianapolis, Cincinnati, Atlanta, Jacksonville, and Daytona Beach as intermediate points on the Chicago-Miami route. These trains would connect with the Jacksonville-Tampa-St. Petersburg link discussed previously under New York-Florida service.

Chicago-Florida service should operate on approximately the following daily schedules:

8:30 AM	Lv	Chicago	Ar	8:30 PM
3:30 PM	Lv	Cincinnati	Lv	3:30 PM
1:30 AM	Lv	Atlanta	Lv	5:30 AM
5:00 PM	Ar	Miami	Lv	2:00 PM

The Secretary should require the corporation to operate daily trains between Cleveland, Columbus, Dayton, and Cincinnati, and between Detroit, Toledo, Dayton and Cincinnati. The corporation should operate them to connect with the Florida trains. Through equipment should be provided in the winter months. Consideration should be given to expanding service in the Cleveland-Columbus corridor.

Connections to and from Louisville should be provided by a bus between Louisville and Lexington (or Winchester).

2. Chicago-New Orleans

In our opinion, continued operation of two trains a day each way between Chicago and New Orleans is no longer justified. Hence, the corporation must route and schedule one train so as to best serve the largest number of people.

Both of the routes selected by the Secretary - one via Centralia and the other via St. Louis - have their attractions. A St. Louis route would benefit from St. Louis-New Orleans patronage, and also might save train miles in that the New Orleans train could also serve as a St. Louis-Chicago corridor train, which otherwise would have to be operated separately. However, operation via St. Louis

would add at least an hour, and maybe as much as two hours, to the schedule between Chicago, Memphis, and New Orleans.

We suggest that the corporation operate a Chicago-New Orleans train over the short route on the following schedule:

10:00 PM	Lv	Chicago	Ar	7:30 AM
7:30 AM	Lv	Memphis	Lv	10:00 PM
11:15 AM	Lv	Jackson	Lv	6:00 PM
2:30 PM	Ar	New Orleans	Lv	3:00 PM

At present, the overnight "Panama Limited" southbound does not adequately serve Memphis or the route between Memphis and Jackson, because it arrives in the early hours of the morning. The daylight "City of New Orleans" leaves the end points too early and arrives too late. This route is probably too long for an all-day train. The schedule we have suggested may not appeal to some Chicago-New Orleans business travellers but it will, if anything, be better than the present schedule for such travel between Chicago, Memphis, and Jackson. Our proposal will accommodate the needs of tourists and vacationers, and the substantial travel of low income groups along this route. The timing between Memphis and Chicago should help to attract good mail business. Diners need be carried only between Memphis and New Orleans.

3. Chicago-Houston

The Secretary has designated end points of Chicago and Houston with alternate routes via St. Louis and via Kansas City and Ft. Worth-Dallas.

For several reasons, we believe that the Missouri Pacific route via St. Louis and Little Rock should be specifically designated. First, St. Louis is a substantial source of originating and connecting traffic for this route. Second, Chicago-Houston mileage is 270 miles shorter via MP as compared to Sante Fe, enabling a much faster schedule. Third, if this service were routed via Kansas City, the Kansas City-Chicago portion would have to be an extra train on that

route. Operation via St. Louis enables the Texas trains to also serve as one pair of the St. Louis-Chicago corridor trains.

The Secretary should designate connecting links between Texarkana and Dallas-Ft. Worth and Texarkana and Austin-San Antonio.

	<u>SMSA Population</u>	<u>Daily one-direction Air travel/Chicago</u>
Houston	1,821,000	174
Dallas	1,473,000	260
Fort Worth	664,000	
Austin	267,000	17
San Antonio	867,000	94

Consideration should be given to operation between Texarkana and Houston via Shreveport. A Ft. Worth sleeper should originate and terminate in St. Louis.

We contemplate the following schedules, assuming an average start-to-stop speed of 50 M.P.H.:

5:00 PM	Lv	Chicago	Ar	12:00 N
11:00 PM	Lv	St. Louis	Lv	6:15 AM
6:00 AM	Lv	Little Rock	Lv	11:15 PM
1:45 PM	Ar	Ft. Worth	Lv	3:15 PM
4:45 PM	Ar	San Antonio	Lv	12:15 PM
2:45 PM	Ar	Houston	Lv	2:15 PM

This timing between Houston and Chicago is almost six hours faster than is now provided by the Santa Fe. It should not be too difficult to further reduce Houston-Chicago time to 20 hours as that would require an average speed of only 55 MPH. Proportionate reductions would be achieved to and from the other Texas points.

Consideration should be given to consolidation of the San Antonio and Dallas links by running over Cotton Belt from Texarkana to Greenville and MKT from Greenville through Dallas to Austin.

E. To and From Chicago

1. Chicago-Detroit

The Secretary should require a frequency of service to be maintained of not less than the present service of three trains per day each way.

We believe that the Secretary should specifically designate the Michigan Central route east of Battle Creek, as the others are too circuitous. Moreover, Jackson and Ann Arbor are good traffic sources.

Connecting train or bus service should be provided at Battle Creek to and from Lansing, Flint, and possibly Saginaw-Bay City. West of Battle Creek, the corporation should consider using the Grand Trunk-NYC route via South Bend rather than the Michigan Central route via Kalamazoo and Niles.

Arrangements should be made with the Canadian railroads to provide at least one connection to Toronto and Montreal directly from Detroit.

2. Chicago-Cincinnati

The Secretary should specifically designate Indianapolis as an intermediate point, and should require one additional train each way in addition to the Florida trains. The corporation should continue operation of the "James Whitcomb Riley" on approximately its present departure times, and should speed it up as quickly as track conditions will permit.

The Indianapolis-Chicago corridor has considerable potential for intensive service. The corporation, in conjunction with interested groups in Indiana and Illinois, should investigate the possibilities of upgrading either the NYC route between Sheff and Indiana Harbor or the Monon route between Lafayette and Wanatah for high speed operation.

As service frequency on this route is increased, schedules should be arranged so as to allow for connections at Indianapolis between Cincinnati and St. Louis and between Columbus, Dayton, and Chicago.

The Secretary should designate Indianapolis-Louisville as a daily connecting link of the Chicago-Cincinnati route. The corporation should operate the Louisville connection to and from the "James Whitcomb Riley" at Indianapolis, going up to Chicago in the morning and returning in the evening. Louisville has a SMSA population of 808,000, and 183 people travel from there to Chicago by air every day.

3. Chicago-St. Louis

The Secretary should designate Bloomington and Springfield as intermediate points to insure use of the GM&O route. This is the shortest and fastest line, and Springfield is the capital of Illinois. Kanakakee and Decatur will have other service to and from Chicago.

The Secretary should require a minimum frequency of two trains a day each way. One of these pairs would be the Chicago-Texas trains.

F. Midwest-West Coast

1. Chicago-Los Angeles

Of the alternate routes discussed in the Secretary's report, we emphatically believe that he should designate Chicago-Kansas City-El Paso-Tucson-Phoenix-Los Angeles. Preferred operation would be Santa Fe Between Chicago and Hutchinson, Kansas; Rock Island between Hutchinson and Tucumcari, New Mexico; and Southern Pacific between Tucumcari and Los Angeles. Omaha and Salt Lake City will be served by the Chicago-San Francisco trains. The only large city on the Santa Fe route across northern New Mexico and Arizona is Albuquerque, which could be adequately served via a bus connection to and from Santa Rosa, New Mexico over the interstate highway.

Here are comparative statistics on two routes:

	<u>SMSA</u>	<u>Daily one-direction Air Travel/Chicago</u>
El Paso	366,000	30
Tucson	335,000	64
Phoenix	910,000	167
Albuquerque	290,000	44

Furthermore, Tucson and Phoenix attract a substantial number of winter vacationers, the same kind of travel market that has been so successfully tapped by the Florida trains.

We suggest the following schedule for these trains:

3:00 PM	Lv	Chicago	Ar	2:45 PM
11:00 PM	Lv	Kansas City	Lv	7:00 AM
6:00 PM	Ar	Tucson	Lv	9:45 AM
8:30 PM	Ar	Phoenix	Lv	7:15 AM
<u>8:00 AM</u>	Ar	Los Angeles	Lv	<u>8:00 PM</u>
43 Hours				40 3/4 Hours

Reasonably convenient arrival and departure times are provided for all important points. The eastbound schedule permits travellers to catch afternoon trains for Detroit and the east coast.

The Secretary should designate as a connecting link the MP St. Louis-Kansas City route via Jefferson City, capital of Missouri. A daily train should be operated as a direct connection with the Los Angeles train at Kansas City, with through equipment. There are 218 air travellers each day in one direction between St. Louis and Los Angeles, and 233 more between St. Louis and Kansas City.

2. Chicago-San Francisco

We strongly urge the Secretary to designate Omaha, Denver, Glenwood Springs and Salt Lake City as intermediate points on this route, thus assuring that the

world-famous "California Zephyr" will be revived. The ride through the Colorado Rockies is the most spectacular scenic trip in the nation.

We believe that for the summer months, this train could be completely sold out in advance if properly marketed. A good share of the passengers on the "Zephyr" and other western trains can and should be overseas visitors, which will help the balance of payments situation. Furthermore, the Bond-Glenwood Springs-Aspen area has a rapidly growing winter tourist trade, attracted by the outstanding Rocky Mountain ski slopes. Good train service through this area is essential to the regional economy at all times of the year.

The alternate routes through Kansas City are too circuitous, and in any event, Kansas City would have service to San Francisco by a connection at Los Angeles. The Union Pacific route from Omaha through Cheyenne to Ogden skips both the large city of Denver and the good mountain scenery.

We do suggest that the corporation route the "Zephyr" directly west of Salt Lake City over the Western Pacific, thence on to Southern Pacific at Elko, Nevada for the rest of the way to Oakland. Running up through Ogden is apparently complicated, expensive, and time-consuming. On the other hand, the SP route over the high Sierras is just as scenically attractive as the Western Pacific route through the Feather River canyon, and enables a faster schedule to be maintained, particularly west of Sacramento.

East of Denver, we are inclined to select the Union Pacific because of the possible advantage of consolidating the "Zephyr" with a Portland-Chicago train east of North Platte. Between Omaha and Chicago, the best route in terms of population served is the Rock Island. However, present condition of the Rock Island track and roadbed is questionable. If it is not possible to operate over it in 8 hours between Omaha and Chicago, either the Burlington or the Milwaukee will have to be used. If either one is, a bus connection to and from Des Moines should be provided from either Chariton or Melbourne.

The Secretary should insist that daily service over this route be restored.

Since the trains physically begin and end at Oakland rather than San Francisco, this point should be spelled out in the Secretary's final report.

3. Chicago-Seattle

Of the alternate routes identified by the Secretary, we definitely prefer the "northern" route through the Twin Cities. Omaha and the Ogden-Salt Lake City area will be linked to Chicago by the Chicago-San Francisco train. Service to Portland can be provided by connecting trains to Seattle. Between Chicago and the Twin Cities, the obvious route is via the large city of Milwaukee. The Secretary should designate the intermediate points of Milwaukee and the Twin Cities.

Operation of a daily train over both the Northern Pacific and Great Northern lines might be an excessive economic burden on the corporation. Accordingly, we suggest that the Secretary require daily service between Chicago and Seattle, with these trains to provide alternate day service on the two routes between Fargo, North Dakota, and Spokane. West of Spokane, the corporation should utilize the faster Great Northern Route.

In addition to the through train between Chicago and Seattle, the Secretary should require operation of an additional daily train between Chicago and the Twin Cities.

IV. Mandatory Services - Summary

Number of Daily Round Trips

1. <u>New York-Boston</u>	
via Providence	7
via Springfield	1
2. <u>New York-Washington</u>	18 & 3 thru
New York-Philadelphia	9 & 4 thru
3. <u>New York-Buffalo</u>	4 & 1 thru
New York-Albany	3
4. <u>New York-Miami</u> (via Washington)	2*
Jacksonville-Tampa	1
5. <u>New York-New Orleans</u>	
New York-Birmingham (via Washington)	1
Washington-New Orleans	1
6. <u>New York-Chicago</u>	
via Buffalo and Cleveland	1
via Philadelphia and Pittsburgh	1
Toledo-Detroit	1 & 1 thru
Chicago-Buffalo	1
Chicago-Pittsburgh	1
Cleveland-Pittsburgh	2
Pittsburgh-Philadelphia-New York	2
7. <u>Washington-St. Louis</u>	
New York-Philadelphia-St. Louis	1
Harrisburg-Washington	1
Columbus-Louisville	1
8. <u>Chicago-Miami</u> (via Cincinnati)	1
Detroit-Toledo-Cincinnati	1
Cleveland-Cincinnati	1
9. <u>Chicago-New Orleans</u>	1
10. <u>Chicago-Houston</u> (via St. Louis)	1
Texarkana-Ft. Worth	1
Texarkana-San Antonio	1

* 1 seasonal

		<u>Number of Daily Round Trips</u>
11.	<u>Chicago-Detroit</u>	3
12.	<u>Chicago-Cincinnati</u> Indianapolis-Louisville	1 & 1 thru 1
13.	<u>Chicago-St. Louis</u>	1 & 1 thru
14.	<u>Chicago-Los Angeles</u> St. Louis-Kansas City	1 1
15.	<u>Chicago-San Francisco</u>	1
16.	<u>Chicago-Seattle</u> (via Milwaukee) Chicago-Twin Cities (via Milwaukee)	1 1
17.	<u>Los Angeles-San Diego</u>	3
18.	<u>Los Angeles-San Francisco</u>	1
19.	<u>Portland-Seattle</u>	3
20.	<u>Chicago-Milwaukee</u>	<u>6 & 2 thru</u> 90 round trips (180 one-way trips)

V. Other Trains to be Voluntarily Continued and/or Restored
by the Corporation for a Period of at Least One Year

One round trip per day should be operated each day unless otherwise indicated.

Boston-Portland-Bangor (2)

Boston-Manchester-Concord (2)

New York-Allentown, Pa. (2)

New York-Scranton-Binghamton-Buffalo

New York-Montreal

Pittsburgh-Cumberland-Washington

Cumberland-Washington (2)

Washington-Jacksonville

↓
-Daylight service connecting with "Metroliner" in Washington.

Cincinnati-Richmond-Hampton Roads

↓
-Overnight service, connecting at Cincinnati with "James Whitcomb Riley" for Chicago.

Detroit-Lansing-Grand Rapids (2)

Cincinnati-Nashville-Birmingham-Mobile-New Orleans

↓
-Connecting at Cincinnati with basic system links to Cleveland and Detroit.

Chicago-Grand Rapids

Chicago-Ft. Wayne

Chicago-Nashville-Birmingham-Montgomery

Chicago-Memphis

Chicago-Carbondale

Chicago-Champaign-Decatur

Chicago-Champaign

Chicago-Springfield

Chicago-Kansas City

Chicago-Burlington-Ottumwa, Ia.

Chicago-Davenport, Iowa.

Chicago-Cedar Rapids

Chicago-Dubuque-Waterloo

Chicago-Jamesville-Madison (2)

↙
-via C&NW through Clinton, Wis.

Chicago-Milwaukee-Sheboygan-Green Bay (2)

Milwaukee-Appleton (2)

↙
-Connecting at Milwaukee for Chicago

Twin Cities-Fargo, N.D.

Twin Cities - Duluth (2)

St. Louis-Kansas City

Kansas City-Oklahoma City

Kansas City-Tulsa

San Antonio-Nuevo Laredo

↙
-Summer link for Chicago-Mexico City tourist travel.

Chicago-Omaha-Cheyenne-Boise-Portland

Chicago-Denver-Albuquerque-Grand Canyon-Los Angeles (summer only)

Los Angeles-San Antonio-Houston-New Orleans (alternate days)

Portland-Oakland

↙
-Summer only daylight service for tourists.

Vancouver-Seattle

Total--47 round trips -- 94 one-way trips

In addition to the trains listed above, the corporation should continue operation of intercity services between Philadelphia and Bethlehem; Philadelphia, Reading, and Pottsville; and Philadelphia and Harrisburg, provided that the Southeastern Pennsylvania Transportation Authority and the State of Pennsylvania continue their present assistance programs.

VI. Other Service to be Considered by the Corporation

Knoxville-Roanoke-Washington

Norfolk-Washington

Washington-Charleston-Huntington, W.Va.

Detroit-Columbus-Huntington, W. Va.

↙
-Connecting at Huntington with the Cincinnati-Hampton Roads trains.

Detroit-Saginaw-Bay City

Detroit-Ft. Wayne

Detroit-Indianapolis

Cleveland-Indianapolis

Nashville-Chattanooga-Atlanta-Savannah

↙
-Connecting at Nashville with the Montgomery-Chicago trains.

Kansas City-St. Louis-Florida

↙
-Winter service on alternate days.

New Orleans-Jacksonville

Chicago-Danville-Terre Haute

Chicago-Quincy

Chicago-Peoria

Chicago-Rockford-Freeport

Dallas-Houston

Dallas-Austin-San Antonio

Houston-Corpus Christi-Brownsville

Salt Lake City-Butte

Kansas City-Denver-Cheyenne

Denver-Pueblo

Fargo, N.D.-Winnipeg

Chicago-Twin Cities-Calgary-Vancouver

↙
-summer only tourist link

Portland-Spokane

Fresno-Oakland-San Francisco

Several other services in the East should be considered by the corporation ; they are to be determined to be intercity rather than commuter runs. These include New York-Chatham; New York-Pittsfield; New York-Philadelphia via the Reading; and the Jersey Shore services.

VII. Conclusion

The Secretary's initial report would require operation of a minimum of only 32 one-way trains - one round trip between each of the 16 pairs of end points.

NARP's report asks the Secretary to require the corporation to operate 180 one-way trains. It asks the corporation to voluntarily operate for at least one year 94 additional one-way trains, making a total of 274 one-way trains in NARP's basic system proposal.

There are now approximately 360 one-way intercity passenger trains operating in the United States. If the potential for modern trains is fully exploited by the corporation, we are confident that within a few years, that number could be increased rather than contracted. But realization of such a bright future will be dependent upon the dedication, cooperation and assistance of all concerned -- the corporation management; the executive branch; the Department of Transportation; the Interstate Commerce Commission; the Congress; state, local, and regional governments and agencies; the railroads; railroad labor; equipment manufacturers; financial institutions; and the public. Success will improve the quality of life all over America. NARP will do whatever is necessary, to the full extent of its resources, to insure that the National Rail Passenger Corporation fulfills the expectations of its creators.

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS,
Washington, D.C., February 1, 1971.

Mr. DAVID W. KENDALL,
Chairman, National Railroad Passenger Corporation, 955 L'Enfant Plaza,
Washington, D.C.

DEAR MR. KENDALL: We have read with great interest and encouragement Secretary Volpe's final report on the "basic system" of passenger trains to be operated by the Corporation.

Operation of routes not included in the "basic system", and the selection of routes and intermediate points within the "basic system" is now up to the Corporation. In this regard, we would like to re-emphasize the recommendations of our own report to the Secretary of December 21, a copy of which was mailed to all the incorporators.

Since our report was issued, we have received numerous communications from our members and other interested parties. While many would have preferred more routes and service than we specified, the overall reaction was favorable. However, based on the comments we have received, we now submit modifications of our proposals in two areas—Chicago-Texas and Chicago-California.

1. Chicago-Texas

People in Oklahoma and the Dallas area have objected to our selection of the St. Louis-Texarkana route (Missouri Pacific) rather than the Kansas-City-Fort Worth route (Santa Fe). Oklahomans want service south as well as north and east (NARP's report did call for service between Chicago, Kansas City, Tulsa, and Oklahoma City). Dallas people believe that splitting the train into three sections for the major Texas cities will be both expensive for the Corporation and unattractive for the traveler; that problems will arise in Fort Worth because of the elimination of the former T & P terminal facilities; and that a Kansas City route would enable restoration of direct service between Dallas and Houston, the largest cities in Texas.

Our report accepted the Secretary's designation of Chicago and Houston as the basic "end points" for service between the midwest and Texas, and further assumed that there would be only one train on this route exclusive of connecting services. On these premises, we adhere to our original recommendation for Houston-Chicago services via St. Louis and Texarkana, for the reasons stated in our report. We repeat our suggestion that the Houston-Texarkana segment be operated via Shreveport instead of Longview.

We repeat and emphasize our request for connecting service to Austin and San Antonio, with service to Laredo and Mexico City at least during the summer months. Provision of this connection will require switching at at least one point along the route. As we indicated in our report, one way to avoid two separate switchings is to split the train into two sections at Texarkana, one section going to Houston and the other to San Antonio via SL-SW to Greenville, MKT thru Dallas to Taylor, and MP thru Austin to San Antonio. Preliminary information indicates that such a route could be made operationally feasible without undue expense to the Corporation.

A Texarkana-Greenville-Dallas-San Antonio connection to the Chicago-Houston trains would meet at least some of the objections raised to our original proposal for restoration of the old three-pronged Missouri Pacific *Texas Eagle*. However, if for valid operational and/or economic reasons, our proposal is not feasible, we will go along with a Kansas City-Fort Worth routing *provided* that the Fort Worth-Houston segment is routed via Dallas and thence either B-RI or SP to Houston. The Santa Fe line south of Fort Worth is too circuitous and does not serve any large intermediate points. For marketing considerations if nothing else, direct train service must be restored to Dallas. The San Antonio section should be switched out at either Fort Worth or Dallas and routed south from either point via MKT through Waco to Taylor, and MP thru Austin to San Antonio.

By far the best answer to the competing considerations in this territory would be operation of two trains between Chicago and Texas, one via St. Louis and one via Kansas City. Ideally, we would like to see the two-pronged Chicago-St. Louis-Houston-Dallas-San Antonio service just as have proposed, together with a second train between Chicago and Houston on the following schedule:

11:00 PM	Lv Chicago	Ar	7:00 AM
7:30 AM	Lv Kansas City	Lv	10:30 PM
2:00 PM	Lv Oklahoma City	Lv	4:00 PM
6:00 PM	Lv Dallas	Lv	12:00 N
10:00 PM	Ar Houston	Lv	8:00 AM

This schedule should be conducive to a good mail contract; would provide convenient service in both directions to and from points between Kansas City and Dallas; and should attract substantial patronage between Chicago and Kansas City and between Dallas and Houston.

2. Chicago-California.

Our proposal for routing the Chicago-Los Angeles train via El Paso, Tucson, and Phoenix resulted in protests from Albuquerque, which felt that our proposal for a daily connection to Chicago via bus to Santa Rosa, plus summer train service to and from Denver and Los Angeles, was inadequate. Furthermore, Colorado people wanted year-round service south from Denver along the "Front Range" to Albuquerque and Los Angeles, together with service to and from Kansas City and St. Louis. We now propose an arrangement for alternate-day service on both the Los Angeles and San Francisco routes which should satisfy almost everyone.

We ask that the Corporation operate the Chicago-Los Angeles train every other day via Tucson and Phoenix on the schedule shown in our report. On the alternate days, this train should operate via Denver and Albuquerque on the following schedule:

4:45 PM	Lv Chicago	Ar	11:45 AM
9:00 AM	Lv Denver	Lv	6:00 PM
7:30 PM	Lv Albuquerque	Lv	7:20 AM
11:00 AM	Ar Los Angeles	Lv	1:30 PM

On the days when the LA train operates via southern Arizona, the "California Zephyr" should be operated between Chicago and San Francisco via Denver and the Feather River Canyon, on the same schedule between Chicago and Denver as shown above. On alternate days, the Chicago-San Francisco train should operate via Kansas City, the world-famous Royal Gorge, Reno, and the High Sierras, on the same schedule between Chicago and Kansas City as the LA train.

In our view, this proposal offers the following benefits over what we originally recommended:

Year-round service between Denver, Albuquerque, and Los Angeles

Service between St. Louis, Kansas City, and San Francisco

Service via the Royal Gorge and the Feather River Canyon, which together with the Moffat tunnel route, the High Sierras, the Front Range, Raton Pass, Glorietta Pass, Grand Canyon, and Cajon Pass gives travel and tour agents a big variety of attractions for tourists and vacationers who want to take in the sights along their journey.

Service between Colorado, Kansas City, and St. Louis. Consideration should be given to a connection between Pueblo and Denver.

The Secretary's final report indicates that Denver and Kansas City are mandatory intermediate points on the San Francisco and Los Angeles routes respectively. We believe that this proposal is consistent with the Secretary's direction, in that daily service on the same schedule would be provided between Denver and Chicago and between Kansas City and Chicago. Alternate day service to both Los Angeles and San Francisco would seem more useful to the people of Denver and Kansas City than would daily service to one destination only.

In any event, we repeat our original recommendation that service of the highest quality be operated between Chicago and Los Angeles via El Paso, Tucson, and Phoenix. If an alternate day arrangement is rejected and it is not feasible to run more than one daily train between Chicago and Los Angeles, we will continue to insist on this routing. We are prepared to undertake a public campaign, if necessary, to make such service a reality.

Sincerely,

ANTHONY HASWELL, *Chairman.*

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS,
Washington, D.C. March 26, 1971.

MR. DAVID W. KENDALL,
*Chairman National Railroad Passenger Corporation, 955 L'Enfant Plaza SW.,
Washington, D.C.*

DEAR MR. KENDALL: The National Association of Railroad Passengers would like to commend you and the other NRPC incorporators for a basically sound selection of routes and services for initial operation commencing May 1, 1971. In

particular, we are pleased that the Chicago-San Francisco service will be operated via the scenic Rocky Mountain route, and that Washington-midwest service will be routed thru Baltimore and Harrisburg.

By far the most serious gap in the proposed service is between Buffalo and Chicago via Cleveland and Toledo. We will exhaust every legal and political means to obtain service along this route. Furthermore, we ask that the Corporation move promptly to route Pittsburgh-Chicago service via Cleveland, and to provide connecting service between Detroit, Cincinnati, and Louisville on the one hand and the east coast on the other hand.

We commend the Corporation for continuing to explore the feasibility of Chicago-Miami service via Cincinnati and Atlanta. We understand that discussions are under way for extension of midwest-Texas service to San Antonio and Mexico City. However, we have heard nothing to indicate that the Corporation plans service between Chicago and Southern Arizona. We reiterate our conviction that this route has great potential, both on account of the large population of El Paso, Tucson, and Phoenix, and in view of the substantial winter tourist travel to this area.

We again call attention to our previous suggestions for alternate day service on most of the long western routes. It is perhaps understandable that the Corporation decided not to disturb the *Super Chief*, but it borders on the absurd that Albuquerque and Flagstaff should have daily service to Chicago, while El Paso, Tucson, and Phoenix should have no service. An alternate day routing of the *Super Chief* via those points, on the days the *Sunset* does not run, would be an adequate solution for at least the near future. Alternate day service can hardly be anathema to the Corporation; it now plans such service between Atlanta and New Orleans; New Orleans and Los Angeles; Denver and Oakland; and Oakland and Portland.

We hear that the Corporation plans to move out of a number of existing big-city stations and utilize new facilities at outlying locations. While we realize that a number of terminals are expensive to operate under present conditions, we are concerned that loss of revenues on account of an inconvenient location will nullify whatever cost savings will result from any given move. Furthermore, we suspect that a good chunk of present terminal costs arise out of outmoded *pieces of paper* (labor agreements, joint facility contracts, property taxes, etc.) rather than outmoded physical facilities. Before leaving any given terminal, we expect the Corporation to provide convincing evidence that the *rational* cost of operating such terminal is sufficiently high so that a new location is the only practical way of reducing expenses, and that loss of revenue will not cancel out the projected savings.

Finally, a comment on what may be, after Cleveland, your biggest headache re routes and services—Wyoming and Idaho. In our view, a train should be operated between Denver and Portland by the Union Pacific railroad at least until July 1973 at no net cost to NRPC. UP is the wealthiest railroad in the country, and received extensive land grants from the U.S. in aid of its construction. By joining NRPC, it expects to save at least \$20 million a year in avoidable passenger losses. It is inconceivable to us that the avoidable loss of a Denver-Portland operation would exceed \$3 million annually. Were UP to absorb this loss, it still would have a very good deal. We urge the Corporation to do whatever is possible to persuade UP to continue a Denver-Portland train at least three times a week, in addition to whatever it may have to pay the Corporation under Section 401 of the Act.

Very truly yours,

ANTHONY HASWELL, *Chairman.*

Senator HARTKE. Mr. Kendall, you can bring up your entourage. This is our second appearance with you today. We welcome you back.

Please identify the members.

STATEMENT OF DAVID W. KENDALL, CHAIRMAN, BOARD OF INCORPORATORS, NATIONAL RAILROAD PASSENGER CORPORATION; ACCOMPANIED BY FRANK S. BESSON, JR., VICE CHAIRMAN; CATHERINE MAY BEDELL; DAVID E. BRADSHAW; JOHN J. GILHOOLEY; CHARLES LUNA; AND JOHN P. OLSSON, MEMBERS OF THE BOARD OF INCORPORATORS

Mr. KENDALL. I shall, Senator. On my immediate right is Catherine Bedell. Next to her, John Olsson; and beyond John Olsson on my right is Charlie Luna. On my left is General Besson, David Bradshaw, and Jack Gilhooley.

Arthur Lewis, one of the incorporators, could not make the meeting today.

Mr. Chairman, members of the committee, the board of directors and I very much appreciate this opportunity to appear before you to review the provisions of the Rail Passenger Service Act of 1970. We are also here to report to you that the corporation is ready to meet the May 1 startup date called for under the act.

The act as passed by the Congress on October 14 identified three underlying purposes: (1) to provide modern, efficient intercity rail passenger service within a basic rail system of the Nation; (2) employ innovative operating and marketing concepts to develop fully the potential of modern rail service in meeting intercity transportation needs; and (3) operate on a "for profit" basis. It also directed the Secretary of Transportation to submit to Congress a preliminary report designating a "basic system," review recommendations on that system from railroad labor, railroads, the Interstate Commerce Commission, and State regulatory commissions, and submit a final report on the basic system to the Congress.

After review of the comments, the Secretary, on January 28, 1971, issued his final report on the basic system. It included a listing of 21 city pairs between which intercity passenger trains shall be operated, all routes over which service may be provided, and defined basic service characteristics.

And it also included the following statements:

If passenger service is to be a viable element in a national transportation system, it must reverse the severe decline in patronage experienced in recent years. Only major improvements in the quality of service can generate increased demand.

Final designation of a Basic System must be based on a careful identification of potential opportunities for the operation of improved passenger service, and the system must be operable by the Corporation within the limits of available capital. Available funds must, therefore, be channeled into a limited number of routes—routes which show some promise of success—in order to produce the changes that are necessary to attract a greater share of the traveling public.

In our view, this quotation sums up what the act is all about. It tells the story of the severe decline in ridership and train service, the inroads of competitive modes, the \$200-million-plus annual losses over the past decade. But it also emphasizes the responsibility of the National Railroad Passenger Corp. to carefully select the most promising routes on which to concentrate its resources, its management skills, and its efforts to reverse this decline.

I might say at this point, Mr. Chairman, that as this board began the difficult job of route evaluation and selection, it became readily apparent that this directive, drastic as it may seem to many, and often did to us, in fact provided the only logical approach toward survival of intercity passenger service in this country. Your committee, the Congress, and the DOT did not follow a policy of maintaining the status quo, or a policy of annual subsidies. Neither was nationalization recommended. Instead, a policy was put forth that called for beginning with a relatively lean system, devoid of many routes that lost the battle for public transportation dollar years ago, which in time would reduce total system losses to more manageable proportions.

To the incorporators, this policy was pragmatic and sensible and its implementation would enable the corporation to concentrate its investment and marketing efforts where the potential is greatest. It also seemed evident that a carefully selected route system would permit a reasonably economic operation while essential development programs were being undertaken to regain public confidence in rail passenger service.

That public confidence is in fact at a low ebb can be seen by the continuing year-to-year decline in ridership nationwide. Even the best long-haul trains that Amtrak will retain—the Florida trains, the El Capitan/Super Chief—continue to show major declines. As a system, the trains we will run May 1 will lose \$110 million the first year.

Given all these considerations, Mr. Chairman—the realities of passenger train problems, the congressional mandate, the need to establish a new starting point—our task as incorporators after we were confirmed by the Senate last December 30 was readily apparent. We were the ones who actually had to make the difficult decisions which were broadly delineated in the legislation and the secretary's final report on the basic system. We were the ones that had to begin organizing a nationwide public service corporation and effecting the transition from multirailroad operations of passenger trains to a single company.

Concurrently, we had to decide what routes would connect the 21 "pairs" of cities designated by the Secretary of Transportation and decide what trains, frequencies and type of service was to be operated after May 1.

The route selection process, the results of which were made public on March 22, was a most serious exercise on our part. Each of the 100-plus routes setdown in the Secretary's final report was studied individually and in relation to the total network. To support the congressional mandate, we established at the outset exacting route selection criteria to help us arrive at intelligent and equitable decisions. Briefly stated, these were:

MARKET OPPORTUNITY

Population along routes and passenger traffic between major cities en route.

COST ECONOMICS

The level and proportion of losses experienced over current routes and by individual trains operating over these routes.

RIDERSHIP

Current and past ridership along routes and on specific trains (this measure was used carefully because we realized poor service in the past could have driven away riders who under better conditions could have been customers).

PHYSICAL CHARACTERISTICS

Current condition of track and roadbed, particularly as it affects speed, safety, and future capital demands. Also unusual natural beauty along the routes was taken into consideration.

ALTERNATIVE MODES

Adequacy of other means of travel for the public on routes to be eliminated.

We believe these criteria represented the most rational approach to helping us make the difficult choices between route alternatives. We applied the criteria conscientiously and as uniformly as we could against each of the routes to be considered.

Mr. Chairman, it is natural that a great many questions have been raised about the number of trains and the routes we have selected, including not going to Evansville.

And it is also perfectly natural and understandable that some have questioned our economic considerations and believe we did not give enough consideration to public need. We raised these and other questions ourselves before reaching any final decisions. We understand the feeling of pride and nostalgia, and the expressions of the public concern voiced in some areas of the country. At the same time it was clear that if we are ever to make this system work as the Congress intended, the key word and the key consideration had to be realism. As a case in point:

If Amtrak were interested only in the balance sheet, we would have reduced frequency to triweekly on many routes. Instead, we took the view that we would preserve quality service wherever the market potential was evident. Look at the Florida-New York market. We will lose \$6.3 million during the first year. But there is substantial ridership now and we did not want to lose it. We also believe there is excellent potential there as we forcefully go after additional business and get the station costs under control. This is true of other routes.

Obviously we cannot provide the scope of service known 20 years ago or even last year. If we are ever going to revitalize train service we cannot—at least in the next few years—accomplish that purpose. But this system will service all but one of the 29 cities over 1 million population and all but one of the 27 cities of 500,000 to 1 million. Hundreds of smaller communities will be served as well. And we think the type of service we eventually will provide—plans for which are now being made—will be far superior to what is running now.

I mentioned earlier that we are ready to begin operations 2 days from now. To do this, we have taken the following steps:

Established a nationwide system of routes, and station stops.

Published and distributed the first systemwide timetable.

Developed policies on services—for example, mail, express—and selected the equipment we will use.

Resolved startup operational problems over the road and in terminals.

Developed plans for improved customer services including ticketing and reservations systems, improved meal service, clean and ontime trains.

Begin a marketing and public information program to attract riders.

Finalized plans for an initial employee training program.

The list could go on, Mr. Chairman, to cover such things as financial projections, management planning, budgeting systems, and plans for refurbishing stations. But instead of going into further detail at this time, I will leave this area for your questions later.

I would like to report to you again, as I did at our first meeting this morning, that we have hired a president and chief executive officer, Roger Lewis.

Now a word about contracts with the railroads, perhaps the most detailed and time-consuming area of all our work since January 1.

I will not burden you at this time with a full chronology of all that has happened since then, but I assure you that this also has been a most careful exercise on our part. We developed a draft contract, began preliminary discussions early in January, and entered hard negotiations by the middle of February. By April 1, most major issues were resolved with the exception of the labor protection conditions. As you know, under section 405 of the act, "a railroad shall provide fair and equitable arrangements to protect the interests of employees affected by discontinuances of intercity rail passenger service before, or, after January 1, 1975." So until railroad management and labor reached agreement or the Secretary of Labor certified the provision affording affected employees protection, final contract signings could not take place.

On Friday, April 16, the Secretary of Labor certified the labor protective provision of the contract. Since then, 19 railroads have signed.

At this juncture, I ask permission to submit a sample copy of the contract for the record.

Senator HARTKE. Without objection, it will be in the record.¹

Mr. KENDALL. It includes the basic agreement and three appendices covering the cost formula, service package, and labor protective provision.

One additional point. We have had many requests to make changes in our route decisions—many of them are perfectly understandable, most of them have been most appealing. But we have stood firm and relied on the act and upon our criteria. Our reasons are these.

First, in section 403, Congress provided a method of adding routes, in a manner consistent with scrupulous care of the moneys appropriated, to cooperate with any State or regional group which agrees to assume at least 66⅔ percent of the losses attributable to such service. Several groups are currently exploring this with us. For example, the

¹ See p. 127.

States of Michigan and Ohio have indicated positive support in helping on the Buffalo-Cleveland-Chicago link.

Second, after the system begins operation on May 1—as we see the results, see the changes in public demand, see the hoped-for changes in ridership, see and discuss changes with others—there is enough flexibility in the statute and in the basic system designations made by the Secretary in the January 28 report to allow route changes, improved schedules, or more trains. Our goal has always been the same: Make this a growing, living system that is sensitive and answerable to public demand. And to meet this goal we will constantly analyze the facts and take appropriate action.

Mr. Chairman, this concludes our brief summary of this Board's activities since we were confirmed. We were directed by Congress to complete the job in 120 days. This we have done. We are prepared to move forward on May 1.

Thank you.

Senator HARTKE. Thank you, Mr. Kendall.

Let me ask you: Is Roger Lewis the chief executive officer now? Has he been employed as the chief executive officer now?

Mr. KENDALL. As president.

Senator HARTKE. Pardon me?

Mr. KENDALL. As president. And the resolution, a copy of which I have here, the resolution which we did yesterday, I would like to put it in the record.

Senator HARTKE. All right, we will be glad to have that for the record.

(The resolution follows:)

RESOLUTION DIRECTION NATIONAL RAILROAD PASSENGER CORPORATION

(April 27, 1971)

Mr. Lewis¹ moved and all members of the Board present and voting unanimously

Resolved, That effective April 29, 1971, if the Senate shall not by that date have consented to the appointment of the eight Directors appointed by the President of the United States on April 21, 1971, Roger Lewis hereby is elected acting President of the Corporation to hold office in accordance with the By-Laws so long as such appointments shall not have been so consented to.

Further resolved, That the acting President shall have all the authority and perform all the duties incident to the office of President, and shall be the chief executive officer of the Corporation and, subject to the direction and control of the Board of Directors and the Executive Committee, shall have authority over, direction of and power to conduct and operate the business, operations, properties and affairs of the Corporation and authority over and direction of all other officers and employees of the Corporation and shall have all authority which other officers of the Corporation would otherwise have insofar as is necessary or desirable to enable the chief executive officer to exercise the authority and power and perform the duties herein conferred upon and assigned to the chief executive officer.

Further resolved, That Mr. Lewis shall receive a salary as acting President and chief executive at the rate of \$10,416.67 per month.

Further resolved, That the authority of the acting President and chief executive officer under the foregoing resolutions shall include without limitation authority to employ and retain and fix the compensation and other employment

¹ Mr. Arthur Lewis.

terms of executive and other personnel, to make and enter into contracts and commitments on behalf of the Corporation and to make and authorize expenditures of funds of the Corporation.

CERTAIN PROVISIONS FOR INTERIM OPERATION OF THE CORPORATION

The Chairman then stated that it would be appropriate to take certain actions with respect to the appointment of an acting President for the Corporation.

After discussion, upon motion duly made and seconded, the following resolutions were unanimously adopted :

Resolved, That effective April 29, 1971, if the Senate shall not by that date have consented to the appointment of the eight Directors appointed by the President of the United States on April 20, 1971, Roger Lewis hereby is elected acting President of the Corporation to hold office in accordance with the By-Laws so long as such appointments shall not have been so consented to ;

Resolved, That the acting President shall have all the authority and perform all the duties incident to the office of President, and shall be the chief executive officer of the Corporation and, subject to the direction and control of the Board of Directors and the Executive Committee, shall have authority over, direction of and power to conduct and operate the business, operations, properties and affairs of the Corporation and authority over and direction of all other officers and employees of the Corporation and shall have all authority which other officers of the Corporation would otherwise have insofar as is necessary or desirable to enable the chief executive officer to exercise the authority and power and perform the duties herein conferred upon and assigned to the chief executive officer ;

Resolved, That the authority of the acting President and chief executive officer under the foregoing resolutions shall include without limitation authority to employ and retain and fix the compensation and other employment terms of executive and other personnel, to make and enter into contracts and commitments on behalf of the Corporation and to make and authorize expenditures of funds of the Corporation ; and

Resolved, That Mr. Lewis shall receive a salary as acting President and chief executive officer at the rate of \$10,416.67 per month.

Mr. KENDALL. The resolution, as I said earlier today, was the last action of this Board. He will appear here tomorrow. He has been appointed acting president of the corporation—"to hold office in accordance with the bylaws so long as such appointment shall not have been so consented to"—it is quite a long resolution—but it gives him the powers of the chief executive officer.

Senator HARTKE. Yes ; that is in the event the directors are not confirmed, then he would be the chief executive officer and continue in that capacity—

Mr. KENDALL. We got our guy.

Senator HARTKE. Can I ask you what his salary is?

Mr. KENDALL. Yes, sir. One hundred and twenty-five thousand dollars, without any other things, no deferred compensation. No stock options.

Senator HARTKE. Do you have something else you want to say, Mr. Kendall? You looked to me like you were either relieved or ready to say something, I was not sure which it was.

Mr. KENDALL. I said "no stock options."

Senator HARTKE. No stock options?

Mr. KENDALL. I said it facetiously.

Senator HARTKE. In March 18 of this year I sent a letter to you, Mr. Kendall, inquiring about the expenditures of the corporation. There have been some difficulties indicated in your correspondence as to what happened to that letter, but I would like to—

Mr. KENDALL. Did you get my reply?

Senator HARTKE. I have your reply, yes.

Mr. KENDALL. I could not have been more apologetic, but I just never saw it until Mr. O'Neal mentioned it.

Senator HARTKE. I hope that is not indicative of how the railroad is going to be run.

Mr. KENDALL. I sure do, too. I am not sure it was us.

Senator HARTKE. I want to read the beginning of paragraph 2:

I am most encouraged by reports that you and the other incorporators are working diligently towards getting the Corporation into operation by the statutory deadline of May 1, 1971. Nevertheless, I am disturbed about reports that the Corporation is paying an inordinate amount in legal and other professional fees, and that in some instances, there may be a conflict of interest between the Corporation and other clients of the individuals or firms retained.

Since I do not know the identity, fees, or assignments of those retained by the Corporation, I am in no position to evaluate the accuracy of these reports. Nor, for that matter, is anyone else who has heard these reports. This is unfair to the incorporators and it is unfair to the public. To avoid adverse comments about the corporation and consequently to reduce any possible impact on a good beginning by the Corporation I ask that either you make public or supply me with the following information:

Names of all law firms, accounting firms, and other professional organizations and individuals who have been or are being retained by the Corporation directly or indirectly on a fee basis.

Amounts of fees which have been, are being, or are committed to be paid to each such firm or individual, and the hourly or other basis for such fees.

Specific work assignment of each individual who has, is, or will be receiving any portion of fees paid by the Corporation.

And I said further:

In my view, the substantial Federal commitment to the success of this program obligates the Corporation to make full disclosure of all details of the above relationships and transactions. In this instance, such disclosure would lay to rest the allegations, if they are, in fact, false.

I was wondering if you could supply the committee and the public the information I requested in the letter of March 18?

Mr. KENDALL. Yes, I can. And what I said in my letter yesterday in reply to that was that it would take a day or so, but Mrs. Bedell has some of the figures, I have some right here, and also I would like to call attention to the fact that I wrote in my letter of apology the story of the action which we took with regard to conflict of interest.

Senator HARTKE. I think what we will do, Mr. Kendall, is make your letter of April 27, addressed to me, of which you are speaking at this time, a part of the record.

(The letter follows:)

NATIONAL RAILROAD PASSENGER CORP.,
Washington, D.C., April 27, 1971.

HON. VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: I learned for the first time last Friday that there is an unanswered letter of yours of March 18 addressed to me, and I apologize for what must seem an unconscionable oversight. Dan O'Neal of your Committee came over to the National Railroad Passenger Corporation at our invitation to discuss whatever he thought might be pertinent to our operation and your interest therein. This I appreciated and so did the other Directors and members of our staff.

In any event, just before he left and after I had left the meeting he mentioned apparently that there remained such an unanswered letter. This is the first I had heard of it and asked that a copy be obtained; which I got today. (No one of the people with whom I am immediately associated with remembered or could find such a letter, nor has inquiry discovered it, but I'm sure it must have been lost in some mannner.) For the lack of answer you are owed a deep apology.

I am preparing an answer in detail to the specific questions asked about law firms, accountants and other professional organizations engaged by the Corporation since January 1, fees and work assignments. It may take a couple of days but will be supplied of course.

However, I can say and do so that in the employment of lawyers and law firms, and of accountants, the first inquiry made of each before hiring them concerned the matter of conflict of interest—and that none were employed until after such inquiry satisfied me and the other Incorporators that none existed.

Of the lawyers concerned at least two major and fine firms were not hired because of such possible conflict and this was true of at least three accounting firms. All were questioned and investigated thoroughly. I cannot overemphasize the deep interest which I personally took in avoiding not only the conflict but any appearance thereof. Since our concern was, I believe, as deep as your own, it is satisfying to be able to report this.

The balance of the information requested I will furnish as soon as collected. (I am continuing to see if our office can lay their hands on it); and I hope that at least this acknowledgement ameliorates what must have been an apparently serious oversight.

I am,

Very sincerely,

DAVID W. KENDALL.

NATIONAL RAILROAD PASSENGER CORP.,
Washington, D.C., May 5, 1971.

Hon. VANCE HARTKE,
U.S. Senate, Washington, D.C.

DEAR VANCE: This supplements my letter to you of April 27 with regard to your inquiry as to professional assistance to the Incorporators and first Board of Directors of the National Railroad Passenger Corporation.

I have replied at length relative to your questions of conflict of interest and have supplied to you the total amount of payments to the various contracting firms, law firms, accounting firms and other professional organizations and the amounts of fees paid. This latter was included in the material filed at the time of our hearing on April 28.

I should like to supplement this with the total bills to and including April 30 and will do so as soon as we have the information. I will also supplement my answer as to specific work assignments of individuals receiving portions of fees paid insofar as it is possible to do so.

I would expect that this information will be forthcoming before the 15th of the month.

Sincerely,

DAVID W. KENDALL.

Mrs. BEDELL. Senator Hartke, may I speak to that, too?

Senator HARTKE. Yes, ma'am.

Mrs. BEDELL. Mr. Kendall and I have gotten together this full list, which we have supplied whenever requested, I should point out. What happened, we do not know, of course, to this request from you.

I would like to point out that from the beginning—and as a former member of Congress I felt this was very important—we kept in mind that we would be submitting to GAO audit, of course; that we would be reporting to you under the law in detail on all expenditures on October 30; and that, of course, when other corporate management took over, we should have a complete listing of everyone who had been

hired, what they had done, and what the fees were. We have kept our records complete on this on a week-to-week basis, and can supply it completely.

Senator HARTKE. Do you have the record here with you today?

Mrs. BEDELL. Yes; I do have.

These are expenditures through May 1.

I should point out, Senator Hartke, that the original budgeting for start-up costs was \$10 million. The board itself revised that down to \$5 million; and we are committed—have paid out and are committed to less than \$4 million as of this week.

(The list follows:)

[Interoffice Memo]

NATIONAL RAILROAD PASSENGER CORP.

April 27, 1971.

To: Mrs. Bedell.

From: Mr. Taylor.

Subject: Start-up costs.

The following is a list of each consultant:

1. McKinsey & Co.—\$691,000.

a. McKinsey & Co. have provided management support to NRPC since the first Incorporators meeting. They were originally retained by FRA to prepare preliminary information on NRPC staffing functions, etc., in order that the Incorporators would have some preliminary information available to assist them in their task. The short time period to May 1, 1971 necessitated this kind of outside management support. McKinsey has continued to fulfill this function pending the retention of a corporate management staff. They have in addition assisted in analyzing specific train routing and station stops.

2. Arthur Andersen & Co.—\$500,000.

a. Arthur Andersen & Co., was selected by the Board after the interview of a number of accounting firms to provide the Corporation with assistance in establishing internal accounting and financial information systems and to examine cost and revenue data provided by railroads preliminary to NRPC signing of operating and service contracts.

3. Arthur Young & Co.—\$80,000.

a. Arthur Young & Co. was selected by the Board consequent to the same process used in selecting Arthur Andersen & Co. They were retained to provide back-up assistance to Arthur Andersen & Co., in the examination of railroad cost and revenue data.

4. Heidrick & Struggles—\$150,000.

a. Heidrick & Struggles were retained to assist in locating qualified executives for management positions in the Corporation. Their fees are based on the salaries of the positions being recruited. They were retained to locate ten key executives plus assisting in locating candidates for the position of President and Chief Executive.

5. Ward Howell & Associates—\$200,000.

a. Ward Howell & Associates was retained to assist in locating qualified key executives for management positions. Their assignment is similar to that of Heidrick & Struggles, however, they are responsible for locating different executive positions with the exception of the President and Chief Executive Officer for which Ward Howell has the prime responsibility. There are fifteen positions they are recruiting for.

6. Louis T. Klauder & Associates—\$410,000.

a. Klauder & Associates was retained to survey railroad cars, locomotive and terminal facilities. They are responsible for recommending specific equipment suitable for NRPC needs and to evaluate the condition and suitability of terminal facilities.

7. American Airlines—\$138,000.

a. American Airlines was retained to study and make recommendations on a reservations, food handling and baggage handling system for NRPC.

8. Parsons Brinkerhoff-Gibbs & Hill—\$40,000.

a. Parsons Brinkerhoff-Gibbs & Hill was retained by the Board to perform an inspection and general evaluation of the Metroliner car equipment stored at the Budd Co. and not being used on the Washington-New York run.

9. Lippincott & Margulies, Inc.—\$125,000.

a. Lippincott & Margulies was retained to advise the Directors and make recommendations on matters such as corporate symbol—logo type—communicative name—corporate graphics and identification systems for trains, waiting stations, etc. Also the design of car exteriors, interiors and other matters to identification and image.

10. Harshe-Rotman & Druck—\$75,000.

a. Harshe-Rotman & Druck was retained to provide corporate public relations assistance. Their primary duty is to insure that the public is informed on a continuing basis about NRPC and our efforts to provide a viable nationwide system of rail passenger service and to assist in developing a positive public attitude toward rail passenger travel.

11. Ted Bates Advertising.

a. Ted Bates was selected by the Board after interviewing many advertising firms. Their responsibility is to provide an effective program of nationwide advertising. Their fees are derived from the advertising placed.

12. Robert R. Mullen & Co.—\$20,000.

a. Robert R. Mullen & Co. was retained to provide the Directors with day-to-day assistance in responding to Congressional inquiries and interest in NRPC.

In addition to the retention of consultants which accounts for the bulk of start-up expenditures (85%), funds have been expended for Incorporators and Directors fees, salaries of personnel (see list attached), rent and office supplies. A list of all expenditures is attached as well as a summary of the consultants showing estimated commitments, fees and expenditures.

JOHN K. TAYLOR.

Name of consultant	Amount of estimated commitment	Amount of bills rendered through Apr. 27, 1971	Bills rendered cover period through—	Amount of bills paid through Apr. 27, 1971	Basis for payment	Range of per diem rates	Specific work assignments
1. McKinsey & Co., Inc.	\$691,000	\$263,123	Feb. 28, 1971	\$263,213	Per diem	\$28-\$90	General staff support, special studies service package definition.
2. Arthur Anderson & Co.	500,000	399,133	Mar. 31, 1971	399,133	do.	10-70	Summarize 1969 cost and revenue data for existing trains to aid in route selection.
3. Arthur Young & Co.	80,000	35,549	Feb. 28, 1971	35,549	do.	15-75	Accounting System. Gather data on revenues and costs at various railroads.
4. Heidrick & Struggles	150,000	141,986	do.	94,138	25 percent of annual salaries of executives being sought.		Executive search.
5. Ward Howell and Associates	200,000	149,957	Mar. 15, 1971	149,957	Salaries of executive being sought.		Do.
6. Louis T. Klauder and Associates	410,000	195,087	Mar. 31, 1971	186,259	Per diem	9-24	Food service study, reservation system study, baggage handling study.
7. American Airlines	138,000			do.	do.	20-60	Investigation and evaluation of metroliner.
8. Parsons Brinkerhoff-Gibbs & Hill	40,000			do.	do.	(1)	Consultants in design, marketing and communications.
9. Lippincott & Margulies	125,000	46,921	Feb. 28, 1971	46,771	Fixed		Public relations counsel.
10. Harshe-Rotman & Druck	75,000	47,470	do.	31,397	do.		Advertising agent for advertising in the United States of America.
11. Ted Bates	100,000				15 percent of gross billing.		Handling Congressional liaison.
12. Robert R. Mullen and Co.	20,000	9,556	Mar. 31, 1971	9,556	Per diem	15-25	

¹ Salary plus 150 percent of salary.

NATIONAL RAILROAD PASSENGER CORPORATION—WEEKLY REPORT OF START-UP COSTS THROUGH APR. 30, 1971
THROUGH THE PERIOD ENDING APR. 28, 1971

Type of expense	Estimated commitments			Charges billed		
	Previous report	Changes since previous report	New balance	Previous report	Changes since previous report	New balance
Salaries, travel and related expenses:						
Incorporators.....	\$200,000		\$200,000	\$121,843	\$5,955	\$127,798
Key executives.....						
Other personnel.....	40,000		40,000	27,335	198	27,533
Total salaries, travel and related expenses.....	240,000		240,000	149,178	6,153	155,331
Consultants and support:						
Technical management support:						
McKinsey & Co., Inc.....	691,000		691,000	263,213		263,213
Arthur Andersen & Co.....	500,000		500,000	399,133		399,133
Arthur Young & Co.....	80,000		80,000	35,549		35,549
Heidrick & Struggles.....	150,000		150,000	94,138	47,848	141,986
Ward Howell and Associates.....	200,000		200,000	149,957		149,957
Louis T. Klauder and Associates.....	410,000		410,000	186,259	8,828	195,087
American Airlines.....	138,000		138,000			
Parsons Brinkerhoff—Gibbs & Hill.....	40,000		40,000			
Miscellaneous Technical and Management Consultants.....	10,000		10,000	2,034		2,034
Legal fees.....	600,000		600,000	256,095		256,095
Marketing and public relations:						
Lippincott & Margulies.....	125,000		125,000	46,771	150	46,921
Harshe-Rotman & Druck.....	75,000		75,000	31,397	16,073	47,470
Railway Guide.....	25,000		25,000			
Ted Bates (advertising).....	100,000		100,000			
Robert R. Mullen and Co.....	20,000		20,000	9,556		9,556
Miscellaneous Marketing and Public Relations Consultants.....	10,000		10,000	2,000		2,000
Total consultants and support.....	3,174,000		3,174,000	1,476,102	72,899	1,549,001
General and administrative expenses:						
Office furniture and equipment.....	50,000		50,000	20,638	495	21,133
Office rent and leasehold improvements.....	35,000		35,000	32,564		32,564
Supplies, telephone, and related expenses.....	60,000		60,000	32,384	12,834	45,218
Incorporation filing fees.....	30,000		30,000	25,372		25,372
Total general and administrative expenses.....	175,000		175,000	110,958	13,329	124,287
Non earmarked funds.....	411,000		411,000			
Total start-up expense.....	4,000,000		4,000,000	1,736,238	92,381	1,828,619

National Railroad Passenger Corp., cash report (April 28, 1971)

Balance, per last report.....	\$178,160.12
Receipts, voucher number 9.....	200,000.00
Disbursements, check numbers through 347.....	(315,720.23)
Cash on hand.....	62,439.89
Cash available under letter of credit.....	600,000.00
Total cash available.....	662,439.89
Accounts payable.....	(91,269.02)
Cash available for future expenditures.....	571,170.87

EMPLOYEE ROSTER

Name	Employment date		Title
1. Balanda, Beverly J.	Feb. 22	\$9,500	Executive secretary.
2. Battle, Isaac T.	Mar. 1	6,500	Chauffeur.
3. Boylan, Kenneth J., Jr.	Apr. 1	10,000	Chief, mail and records.
4. Brune, Jean P.	Apr. 5	10,000	Employment officer.
5. Conlin, Michael H.	Mar. 8	26,000	Special assistant.
6. Daniels, Brenda J.	Mar. 22	9,000	Mail and records assistant.
7. Darnell, Herbert E.	Mar. 29	10,750	Staff services.
8. Dolinger, Ralph C.	Mar. 22	9,000	Illustrator.
9. Edgar, Sally	Mar. 15	9,500	Executive secretary.
10. Flaisher, Carol	do	8,050	Secretary, staff assistant.
11. Frazier, Elwood	Apr. 12	5,220	General office clerk.
12. Gelven, Arthur E.	Mar. 29	10,500	Purchasing agent.
13. Howard, Bonnie L.	Mar. 15	8,500	Secretary.
14. Hutchens, Marta	Mar. 16	9,000	Personnel.
15. Janson, Mary Margaret	Mar. 29	6,000	Stenographer.
16. Jones, Flora Ann	Apr. 15	6,000	Switchboard operator.
17. Jones, William	Mar. 22	5,380	General clerk.
18. Keet, Robert T.	Mar. 1	15,500	Office manager.
19. Kisner, Hollis C.	Mar. 29	8,500	Secretary.
20. Morris, Barbara A.	Feb. 11	7,540	Receptionist and travel.
21. Munn, Dathryn L.	Mar. 22	7,000	Secretary.
22. Page, Anne L.	Feb. 22	9,500	Executive secretary.
23. Quann, Julianne	Apr. 26	8,000	Accounting clerk.
24. Rawlings, Sherie L.	Apr. 19	8,000	Secretary.
25. Reisner, Mary Beth	Apr. 26	11,000	Staff assistant Government affairs.
26. Riccio, Janet E.	Mar. 15	15,000	Executive secretary.
27. Richardson, Alice R.	Mar. 15	8,500	Do.
28. Shadid, Elizabeth	Feb. 4	8,500	Do.
29. Taliaferro, June C.	Mar. 29	10,000	Accountant.
30. Tischler, Maryellen T.	Mar. 22	10,500	Staff assistant.
31. Van Leer, Harriett D.	Apr. 19	6,000	Switchboard operator, receptionist.
32. Wasserman, Sheila I.	do	7,200	Typist, receptionist.
33. Simms, Carolyn	Apr. 27	(1)	Temporary switchboard operator (evening).
34. Allman, Mary Ann	May 4 ²		Typist.
35. Reesy, Cali	May 5 ²		Switchboard operator, typist.
36. Johnston, Diane	May 7 ²		Secretary.

¹ \$3.50 per hour.

² Will start.

Senator HARTKE. I noticed in this list that there is an item No. 7 which calls for the amount of the estimated commitment on American Airlines food service study, reservation system study, baggage handling study. Does this mean that this study is presently in process? Has it been completed?

Mrs. BEDELL. Parts of it have been completed, and the recommendations have been made.

The baggage study is still continuing. And the recommendations on reservations are being finalized.

Senator Hartke, that is for a national computer reservation system, as I believe it has been referred to when we have talked about it before, and we are now awaiting their final recommendation to us on that.

Senator HARTKE. Well, this does become available to the public, as you understand, at this time, and we will review it, we may have some questions, which we will submit them to you at later hearings.

Mrs. BEDELL. These are Federal funds.

Mr. KENDALL. Senator, one of the reasons why in my letter to you I said it would be a couple of days before we had the entire answer to your letter was because, as you will notice from the bills from the law firms, some of them are to March 15. One is to March 1, and I think one is to April 1. Strangely enough, you have to ask lawyers for their bills.

Senator HARTKE. In the summary here, the amount you have for legal bills is \$237,337.25?

Mr. KENDALL. Yes, sir.

Senator HARTKE. I notice Jones, Day, Cokley & Reavis listed legal services of \$98,475.

Mr. KENDALL. They are acting general counsel, that firm is. Others are supplemental firms.

Senator HARTKE. We will review those.

Let me ask you: I have before me a summary of the costs of adding some of the additional routes, the inclusion of which would answer some of the criticisms which you have heard this morning.

Adding service along a more southerly route from Chicago to Seattle would increase costs by about \$5 million, according to these estimates, except if the northern and southern routes were operated on alternate days, the added cost would be only \$800,000.

Adding the route through northern West Virginia would add \$1 million.

Through Buffalo, Cleveland, Chicago, and others, \$4 million with two trains daily. And St. Louis to Little Rock, \$1 million.

The total expenditures under this system would be somewhat near \$11 million, between \$11 and \$15.2 million.

Do you agree that this is basically correct, or incorrect?

Mr. KENDALL. It is a total of \$15 million.

Senator HARTKE. Pardon me?

Well, let us do it this way. Let me start back individually. If you took Chicago to Seattle, we have an estimated \$5 million increase a year; is that right?

Mrs. BEDELL. Yes.

Senator HARTKE. But if you did that operating on alternate days on the northern and southern route, the added cost would be only \$800,000; is that correct?

Mrs. BEDELL. That is correct; yes.

Senator HARTKE. Then adding the West Virginia part would add another million dollars?

Mrs. BEDELL. About a million dollars, yes, sir; something less than that, Senator Hartke.

Senator HARTKE. If you took the Buffalo-Cleveland-Chicago, two trains a day, that is \$4 million?

Mr. KENDALL. That is correct.

Senator HARTKE. And St. Louis to Little Rock, \$1 million?

Mrs. BEDELL. Right.

Senator HARTKE. Would it not be worthwhile to expand this relatively small amount to see whether these routes would be viable? In other words, can you really be sure without a trial run that they should not be added?

Mr. LUNA. We have to stay on 2 years and 2 months if you have them on May 1.

Senator HARTKE. You mean the experiment has to be 2 years and 2 months?

Mr. LUNA. If they start on May 1, yes. You can put them on after May 1 and then you do not have to leave them on that long.

(The following information was subsequently received for the record:)

NATIONAL RAILROAD PASSENGER CORP.,
Washington, D.C., June 10, 1971.

HON. VANCE HARTKE,
U.S. Senate, Washington, D.C.

DEAR SENATOR HARTKE: Further with regard to my letters of April 27 and May 5 having to do with the "start-up" costs of Amtrak, we now have statements and bills for services performed during that period and enabling the start-up on May 1.

As a caveat in this connection, some of the costs are on-going and it is difficult to make a sharp delineation—for instance, technical and management services continue and the line with regard to public relations is difficult to sharpen. Also, there may be some adjustment in one or two areas, although not with regard to technical, management and legal fees. With that in mind to bring the subject of your inquiry of March 18 to completion, I enclose the following:

1. A statement of the organization and start-up costs from December 22, 1970 through May 1, 1971 (this includes costs on the day of inauguration of Amtrak service)

2. The cost of technical and management consultants for the same period (Appendix A)

3. A summary of legal bills including the firms, the hours expended, the charge for service and the charge for expenses (Appendix B)

4. Marketing and Public Relations services (Appendix C)

No major deviation from the amount of actual billings to May 25 have been brought to my attention with the exception of corporate identification, the over-run of which is under discussion, collection of certain fairly minor charges for expenses in connection with inaugurating Amtrak service and the Arthur Young and Company auditing bill which is not complete but which will not run over the budget, I am told.

As to the specific work assignment of various individuals in accounting and legal firms, it is very difficult due to the nature of the work involved and the fact of different work assignments and partnerships, to pin down allocation of fees and things of that sort.

Referring to my letter of April 27 and the inquiry as to possible conflict of interest of any of these firms, whether accounting or legal, I can say that everything therein stated applies to the partners and associates alike of the firms involved.

I am attaching an additional Exhibit which lists the names of accounting and law partners in active charge of the work for their firms and in a very general way, the areas of their responsibilities.

If you want any more information, let me know. We were particularly gratified that for the total our actual billings were only slightly more than 80% of the amount budgeted and that the legal fees, and indeed expenses as well, came within the amount budgeted.

Of one thing we are completely certain and that is that the quality of advice and service and the dedication of the individuals concerned, served the corporation well.

Sincerely,

DAVID W. KENDALL

NATIONAL RAILROAD PASSENGER CORPORATION STATEMENT OF ORGANIZATION AND STARTUP COSTS,
FOR THE PERIOD DEC. 22, 1970, TO MAY 1, 1971

Description	Amount budgeted	Actual and estimated
Salaries, travel and related expense:		
Directors and incorporators	\$200,000	\$164,775
Other personnel	40,000	50,470
Total	240,000	215,245
Consultants and management support:		
Technical and management (see schedule A)	2,219,000	1,932,243
Legal fees and expenses (see schedule B)	600,000	531,849
Marketing and public relations (see schedule C)	485,000	511,089
Total	3,304,000	2,975,181
General and administrative expense:		
Office furniture and equipment	50,000	17,720
Office rent and leasehold improvements	35,000	44,691
Supplies, telephone and related expenses	60,000	54,113
Incorporation filing fees	30,000	25,372
Total	175,000	141,896
Nonearmarked funds	281,000	
Grand total	4,000,000	3,332,322

SCHEDULE A.—CONSULTANTS AND MANAGEMENT SUPPORT—TECHNICAL AND MANAGEMENT FOR THE PERIOD
DEC. 22, 1970 TO MAY 1, 1971

Name	Nature of service	Amount budgeted	Actual and estimated
McKinsey & Co.	Management support	\$691,000	\$681,739
Arthur Andersen & Co.	Accounting systems and railroad audits.	500,000	461,305
Arthur Young & Co.	Railroad audits	80,000	75,500
Heidrick & Struggles	Executive recruitment	150,000	144,164
Ward Howell & Associates	Executive recruitment	200,000	154,138
Louis T. Klauder & Associates	Survey of railroad equipment	410,000	291,818
American Airlines	Study of reservations and ticketing, food service and baggage handling improvements.	138,000	111,000
Parsons Brinckerhoff-Gibbs & Hill	Survey of railroad equipment	40,000	9,775
Miscellaneous	Passenger service, scheduling, et cetera.	10,000	2,804
		2,219,000	1,932,243

SCHEDULE B.—CONSULTANTS AND MANAGEMENT SUPPORT, LEGAL FEES AND EXPENSES FOR THE PERIOD
DEC. 22, 1970 TO MAY 1, 1971

Name	Number of hours	Fees	Expenses	Total	From—	To—
Davis, Polk & Wardwell, 1 Chase Manhattan Plaza, New York, N.Y.	87.40	\$2,100.00	\$158.78	\$2,258.78	Jan. 1, 1971	Apr. 30, 1971
DeBevoise, Plimpton, Lyons & Gates, 320 Park Ave., New York, N.Y.	453.00	23,000.00	1,162.40	24,162.40	Dec. 30, 1971	Do.
Hamel, Morgan, Park & Saunders, 888 17th Street NW., Washington, D.C.	601.75	33,241.25	480.78	33,722.03	Jan. 6, 1971	Do.
Hogan & Hartson, 815 Connecticut Ave., Washington, D.C.	289.25	17,161.25	1,050.65	18,211.90	Apr. 21, 1971	Do.
Jones, Day, Cockley & Reavis, 1750 Union Commerce Building, Cleveland, Ohio	3,371.25	194,954.78	18,383.44	213,338.22	Jan. 1, 1971	May 1, 1971
Kelley, Drye, Warren, Clark, Carr & Ellis, 350 Park Ave., New York, N.Y.	457.00	25,098.50	2,606.60	27,705.10	Jan. 6, 1971	Mar. 15, 1971
Leibman, Williams, Bennett, Baird & Minow, One First National Plaza, Suite 3200, Chicago, Ill.	1,318.25	72,796.25	6,251.98	79,048.23	Jan. 1, 1971	Apr. 30, 1971
Lord, Day & Lord, 25 Broadway, New York, N.Y.	377.00	30,150.00	1,632.69	31,782.69	Jan. 4, 1971	Do.
Morris, Nichols, Arshat & Tunnell, P.O. Box 1347, 3000 DuPont Building, Wilmington, Del.	25.50	1,850.00	21.45	1,871.45	Mar. 1, 1971	Do.
Royall, Koegel & Wells, 1730 K St. NW., Washington, D.C.	41.00	3,895.00	44.20	3,939.20	Jan. 6, 1971	Mar 15, 1971.
Simpson, Thacher & Bartlett, One Battery Park Plaza, New York, N.Y.	593.00	31,092.50	768.73	31,851.23	do	May 1, 1971
Vorrs, Sater, Seymour & Pease, 52 East Gay St., Columbus, Ohio	36.00	2,700.00	694.68	3,394.68	Jan. 12, 1971	Mar. 15, 1971
White & Case, 14 Wall St., New York, N.Y.	48.30	4,200.00	230.49	4,430.49	Jan. 5, 1971	Apr. 30, 1971
Winston, Strawn, Smith & Patterson, One First National Plaza, Chicago, Ill.	812.00	55,255.00	877.09	56,132.09	Jan. 6, 1971	Do.
Total	8,510.70	497,484.53	34,363.97	531,848.50		

SCHEDULE C.—CONSULTANTS AND MANAGEMENT SUPPORT—MARKETING AND PUBLIC RELATIONS FOR THE
PERIOD DEC. 22, 1970, TO MAY 1, 1971

Name	Nature of service	Amount budgeted	Actual and estimated
Lippencott & Margulies.....	Corporation identification.....	\$125,000	\$229,436
Harshe-Rotman & Druck.....	Public relations.....	105,000	132,097
Railway Guide.....	Amtrak timetable.....	25,000	33,175
Ted Bates.....	Advertising.....	100,000	48,398
Robert R. Mullen & Co.....	Congressional relations.....	20,000	15,606
Miscellaneous marketing and public relations service.....		10,000	3,400
Inaugural activities.....	Miscellaneous expenses for inaugurating Amtrak service.....	100,000	48,977
Total.....		485,000	511,089

AREAS OF INTEREST

LAW FIRMS

H. Chapman Rose, Esq., Herbert J. Hansell, Esq.—Jones, Day, Cockley & Reavis, Cleveland, Ohio, and Reavis, Pogue, Neil & Rose, Washington, D.C.—General counsel, representation, coordination and advice in all fields, including but not limited to contract conception and negotiation and litigation.

Roswell B. Perkins, Esq.—DeBevoise, Plimpton, Lyons & Gates, New York, N.Y.—Conception of railroad contracts and advice, memorandum brief on financial matters.

Cyrus Vance, Esq., Horace McAfee, Esq.—Simpson, Thatcher & Bartlett, New York, N.Y.—General advice with special emphasis on contracts and possible litigation, railroad law.

Garrard W. Glenn, Esq.—Lord, Day & Lord, New York, N.Y.—General advice as to railroad law, contract conception and contract negotiation.

Edmund J. Kenny, Esq., Thomas A. Reynolds, Jr., Esq.—Winston, Strawn, Smith & Patterson, Chicago, Ill.—Contract drafting and negotiation.

Thomas Kiernan, Esq.—White & Case, New York, N.Y.—Contract drafting and negotiation.

John E. Robson, Esq., Gale Christopher, Esq.—Leibman, Williams, Bennett, Robert Minow, Esq.—Vorys, Sater, Seymour & Pease, Columbus, Ohio—Contract conception and draft.

Louis B. Warren, Esq., Clark Cummings, Esq.—Kelley, Drye, Warren, Clark, Carr & Ellis, New York, N.Y.—Contract conception, draft and negotiation back-up.

Edward A. McCabe, Esq., Stuart White, Esq.—Hamel, Morgan, Park & Saunders, Washington, D.C.—Advice with regard to labor matters, pleading and so forth.

Stuart Rothman, Esq.—Royall, Koegel & Wells, Washington, D.C.—Advice with regard to labor matters, pleading and so forth.

Edmund L. Jones, Esq., William O. Bittman, Esq.—Hogan & Hartson, Washington, D.C.—Labor and other litigation.

Lawrence E. Walsh, Esq., Morton Fearey, Esq.—Davis, Polk & Wardwell, New York, N.Y.—General litigation advice, tax matters.

S. Samuel Arsht, Esq.—Morris, Nichols, Arsht & Tunnell, Wilmington, Del.—Delaware corporate conflict settlement.

James R. Depauw and Leonard J. Kujawa, Arthur Anderson & Co., Chicago, Ill.—general auditors.

Fred Johnston, Arthur Young & Co., New York, N.Y.—back-up auditing firm.

Senator HARTKE. You heard from rather an influential Member of the Senate this morning; did you not?

Mr. KENDALL. We sure did.

Mrs. BEDELL. Senator, may I point out at this point, being sympathetic on the western railways and long-haul routes, that we not only as a board but I particularly am very sympathetic with Senator Mansfield and others.

However, when you talk about adding these lines, I think—and of course, we would do anything under the direction of Congress with added money for experimental types of things—but I do not think you could confine your additions to just the lines you have mentioned because there has been very strong testimony and pleas made to us for the addition of several more lines.

We have added all those additions up, and there would be considerably more than the amount you mentioned involved in that.

Senator HARTKE. You think once we open the box, we have got problems, right?

Mr. KENDALL. It is sort of a Pandora's Box, as you can well appreciate. And as I have said personally to Senator Mansfield and to others, I just could not feel worse about the thing as it now is, but at the same time, we would like to do as follows:

Mr. Luna is correct, except that we do have provision under your statute to add or subtract lines later after May 1 on—the act refers to it as experimental or special service.

We have very much in mind the consideration of changes in this system, as I said in my statement, without particularly emphasizing it at that time in the statement. But we have very much in mind the goal of trying to do experimental things of that sort, which we can try at appropriate times of the year, or maybe to meet appropriate changes in the economy and in ridership and in what we may get by our own salesmanship, if we can show we have any. In this way we think it could be made a more viable system and a more flexible system after we first complete the job that you have given us to do.

Senator HARTKE. In other words, what you are saying is if you set up the basic system and these are included in the basic system, you would have to keep them for 2 years and 2 months?

Mr. KENDALL. Yes.

Senator HARTKE. But if you moved in and put them in after the basic system has been adopted, as on a viable basis, then they could be for a shorter period of time.

Let me just ask you, can you give to Senator Mansfield hard assurances in writing that they will be continued as part of the basic system?

Mr. BRADSHAW. Senator, I would like to direct a few remarks to another aspect of the act that I think is generating a good deal of effect in a number of States—particularly in my State of Illinois—and that is the provision which, as you know, provides that a regional State agency may be created within a State, and if that agency will pay at least two-thirds of the cost of operating a train and demands that we put that train on, we have no alternative. We must provide that service.

I think one of the considerations here is to allow time for some of these States to see whether they want to introduce such legislation. There is a bill pending, as an example, in the State of Illinois, with bipartisan support in both houses, to appropriate \$4 million covering eight intrastate runs within that State, and they recognize the problem and they are talking about participating in it.

Two of those runs, I might say, will be taken care of by the Rock Island not having joined Railpax, leaving six.

Now, our preliminary cost figures on those six runs, Senator, indicate that the amount of money that they are asking to be appropriated in

that bill will be enough to operate those runs, as at least our preliminary figures show. So it seems to me that in furtherance of this, not only can we put on the trains after May 1 and possibly take them off any time up to 2 years without becoming involved in a train-off case, but the States will also have an opportunity to see whether their financial condition is such that would allow them to participate under the provisions of the act.

Senator HARTKE. Let me comment on that and say that basically I think Mr. Haswell gives a more realistic figure. I think the two-thirds figure really is almost an inoperative figure for most of these States and completely unrealistic.

I am not saying States could not do it if they provided for something along the lines of a tax-sharing program where they would provide for an increase in sales taxes and thereby share in a government-sharing system of a kind which would not have the money coming to us but would leave it there. This is an entirely different proposition and a method of really providing a way in which States and local communities can participate in tax sharing in a realistic way, because that is what you are talking about, a form of tax sharing, a tax sharing of one-third of the costs. That is what it amounts to.

But I think that the two-thirds concept is unrealistic financially. I did not hear an answer to my question.

Mr. KENDALL. I did not have a chance.

Senator HARTKE. Can you give your hard assurances to Senator Mansfield in writing?

Mr. KENDALL. I heard the question.

Senator HARTKE. There is nothing hard about the question. It is only the answer that is difficult.

Mr. KENDALL. The beginning of the answer is very pleasant. There is nothing that would please me any more. But if we answer any one person, we then have to answer them all, and commit ourselves.

Senator HARTKE. You know what Senator Mansfield said. He favored holding up all funds for expenditure by the corporation.

Mr. KENDALL. But we have a lot of other people we have to be fair to. That does not sound very political, does it? I have been in politics a long time. I know it does not.

But we came to the conclusion that we had to hold the line until at least May 1.

Mrs. BEDELL. Senator Hartke, may I add one thing to that?

Senator HARTKE. Yes.

Mrs. BEDELL. Again in the area of where I am so interested, it certainly would be my recommendation—it has been my recommendation—if I should continue on this board, to study this line, the line we are talking about, Senator Mansfield's line; but there is a great decision hereto be made, and we must look at it very carefully.

Say we went on May 1 with triweekly service over the southern and northern route—our operations people and I have been over this many times—we think we would miss the boat on both lines. We would give undependable service on certain days a week at different times going one way and the other.

Actually, the best service, if it were to be done, would be regular service seven times a week, one over the northern route and one over

the southern, which indeed would add \$5 million more loss to a line that is already going to lose \$7 million.

But, for instance, Senator Magnuson—I know very well because it is my State—Senator Magnuson said we should have continued the Seattle-to-Vancouver line. Now that loses \$250,000 a year. However, we do think we should continue it and are right now negotiating with or communicating with Canada and Mexico on those additions.

But all this could be done after May 1, without committing us for 2 years and 2 months to something that no matter what we did with it might not become viable. The question would remain, Would we make the right decisions on how to test these other alternates for potential?

This is why it is so difficult, as the chairman has indicated, to make a commitment that we will definitely do one thing for one line without adding the 12 or 14 others that should be looked at, certainly—and where there has been so much complaint.

Senator HARTKE. I understand everything you are saying. All I can say is that I am completely sympathetic with the problem. I understand what it is. And if I had my way, I think I could bring a solution to this problem quite easily, but unfortunately, and not alone, I feel the Congress itself may not be inclined to do what is necessary, what I think is necessary, I feel that the administration has shown no inclination to be really concerned about passenger service, and I am sorry to say that.

I would hope that they would change their minds, and their great good faith, if they did come back after taking public notice of what we are talking about and make the suggestion to us that they would recommend increased funding. If the President would do that, I feel we can solve many of these problems. We will not have any problem passing the legislation. But we need the cooperation of a President just once on something. On something.

Let me ask you, in that regard, has the Office of Management and Budget in any way restricted the expenditure of funds by the corporation? There have been rumors that the OMB has not allowed the corporation to spend more than about \$2 million of the \$40 million which has been appropriated by Congress? Is that true, not true, and in what part? Tell me.

Mr. KENDALL. No.

Senator HARTKE. No? No restrictions whatsoever?

Mr. KENDALL. No, sir. We have taken down money as we have needed it through the Secretary of Transportation, to whom under the statute it went originally.

Senator HARTKE. Let me ask you: Who is going to run the trains? One of the purposes in establishing this new corporation was to inject into the railroad passenger service a fresh managerial attitude. How are you going to accomplish this goal if the railroads are still going to operate the passenger trains? Exactly what has been gained by the establishment of a new corporation?

Mr. KENDALL. We are going to operate them, obviously, and I'm sure it must be obvious to you certainly that with—what I from the very beginning have called—our rather shortened funds to start this out, that we had to start with contracts with the railroads. And this we have done.

In the contracts—and you will have to bear with me for just a minute, because under section 401 of the act, if you take over a railroad's passenger service, and we do, and the railroad gets rid of some of the problems which it has, getting rid of trains and gaining flexibility and so forth, with which we are all familiar, under section 402 of your act it has an obligation for service.

Our first problem, Senator Hartke, just after we last saw you as a body up here, was to hold the line and get the finest service we could at the same time that we entered into the original contract with the railways. We designed a contract which was in two parts. First, under section 401; second, under section 402, to provide for the service; and we put it together.

It was not easy to convince some of the railroads, although I am not saying they were not cooperative in general—but it was not easy to convince them that it was we who wanted to run the service and to have the upper hand, the complete control of how that service was to be provided.

I think as I have said to you, I certainly have said it many times, our first goal has got to be the passenger on the railroad, and to that end the contracts have been designed, and to that end the railroads finally agreed to these contracts. On the 16th of April most of the railroads asked for the contracts. All of them, as a matter of fact, 25 of them. And it is that sort of a contract.

Now I have brought up here, because I have said this, that we in the contract—and by “we” I mean this corporation—seeks to control and thinks it has the control of how that service shall be done. Now it does not say so in specificity because, as you know as a lawyer, if you specify in a contract which may last 10 years and have the provisions of importance for 10 years—it is rather done in a broad way of being able to get service under the contract and under, indeed, the appendix B, which is the service part packet or appendix attached to each of the contracts, and which is in fact part of the contract.

If something is not correct, in our judgment, and it is not corrected, we can go to arbitration to get it done, or we can go to court to get it done, and get it done our way.

Now those provisions I do have. Mr. O’Neal asked for them yesterday and I excerpted them out, the provisions that give the Amtrak the control of that.

Now I have them, and I will leave them here for you.

Senator HARTKE. We will incorporate those in the record.

(The excerpts follow:)

Section 3.2 Modification of the Services.—NRPC shall have the right from time to time to request, and subject to and in accordance with the terms and conditions of this Agreement Railroad hereby agrees to provide, modified or additional services. Such requests shall be made by filing an amendment to Appendix B with Railroad on a date sufficiently in advance of the date upon which such amendment is to become effective to permit adequate joint planning and joint preparation for the modified or additional services provided for in such amendment. The services requested in any such amendment shall be subject to the physical and financial capabilities of Railroad and shall give due regard to Railroad's speed, weight and similar operating restrictions and rules and safety standards and to the avoidance of unreasonable interference with the adequacy, safety and efficiency of its other railroad operations. In applying the foregoing, recognition shall be given to the importance of fast and convenient schedules and passenger comfort and convenience to the success of NRPC's Intercity Rail Passenger Service.

Section 3.3 Provision of the Services.—Railroad further agrees to provide and furnish all labor, materials, equipment and facilities necessary to perform the services to be provided under Sections 3.1 and 3.2 (except as the same are provided by NRPC), but shall not, except as is otherwise provided in this Agreement or up agreement with NRPC, be required to purchase, construct, rebuild or replace Rail Lines, locomotives, cars, rolling stock or ancillary facilities (as defined in Section 3.8).

Railroad shall provide services hereunder in an economic and efficient manner and shall give appropriate recognition to the importance of on-time passenger train operations and passenger comfort and convenience. Railroad shall make every reasonable effort to maintain the schedules established by NRPC for its Intercity Rail Passenger Service. From time to time NRPC will deliver to Railroad, pursuant to Section 3.2, requests regarding manner and standards of operation designed to refine and make precise the foregoing and to bring about nationally high and uniform standards of intercity rail passenger operations.

Section 3.7 Performance of Other than Railroad.—Upon sixty (60) days' prior written notice to Railroad, NRPC shall have the right to use Railroad's tracks, and to require Railroad to perform all services necessary, in connection with operation by NRPC, or others on its behalf, of NRPC Intercity Rail Passenger Trains in the use of such tracks, provided that any such use or services shall give due regard to Railroad's speed, weight and similar operating restrictions and rules and safety standards and to the avoidance of unreasonable interference with the adequacy, safety and efficiency of Railroad's other operations. In applying the foregoing, recognition shall be given to the importance of fast and convenient schedules and passenger comfort and convenience to the success of NRPC's Intercity Rail Passenger Service.

All personnel rendering any services which involve responsibility for Railroad's operating facilities or for the handling or movement of any Intercity Rail Passenger Train shall be subject to the direction, supervision and control of Railroad, and any such services performed by or for NRPC shall be governed by and subject to all then current operating and safety rules, orders, procedures and standards of Railroad with respect thereto.

Railroad may, for cause, require that any person performing services under this Section be prohibited or removed from performance of such services, subject to the requirement that Railroad shall support any action defending such prohibition or removal and bear any claims growing out of any improper prohibition or removal.

Section 4.3. Additional Maintenance and Improvements.—Upon the request of NRPC, Railroad shall as promptly as feasible modify its Rail Lines maintenance, at the sole expense of NRPC for any additional cost to the extent such additional cost is not reimbursed under Appendix A, so as to increase the level of utility of any part of its Rail Lines to the level specified in such request.

NRPC shall have the right (i) at its sole expense, to the extent that the cost thereof is not reimbursed under Appendix A, to require Railroad to improve its Rail Lines as provided in such request, or (ii) subject to mutually satisfactory arrangements, to improve the Rail Lines of Railroad; provided that any such improvement shall not unduly interfere with or unduly limit Railroad's other rail operations, that any such requested improvement shall be made by Railroad as promptly as feasible, and that any increase in maintenance cost occasioned by such improvement shall be paid by NRPC to the extent that such increased cost is not reimbursed under Appendix A.

Senator HARTKE. Let me ask you on this question: What is the quality of service you expect? In other words, that you are demanding?

Let me say, for example, I know that you have this in general terms. How much deviation from schedule would you permit?

Mr. KENDALL. I think I will ask Frank Besson because he is an engineer and I am not very good at percentages, and he is excellent at them.

Senator HARTKE. That puts you on the spot.

Mr. BESSON. As we come down the line, we will watch carefully what the schedules are and will then try to make adjustments to bring running times down, after we get a data base.

We would like to get and probably will get an amendment to the contract that would provide penalties, and also incentives for on-time performance of the trains. We actually debated getting it into the contract in the first place, but we just did not have a good enough data base to talk to the railroads about it definitively. But this is certainly our aim as soon as possible when we get our data together—that is to establish incentives and penalty provisions in the contract for ensuring on-time performance.

Senator HARTKE. But as of now you have set no limits for deviation from schedules, for example.

Mr. BESSON. No; we are having the reports come into us any time the trains are more than 15 minutes late.

Senator HARTKE. You are going to have reports any time the train is more than 15 minutes late?

Mr. BESSON. We will be getting morning reports every day from every railroad that will specify its lateness by 15 minutes at terminals, terminal points, or at any point where it passes from one railroad to another.

Senator HARTKE. What about in the other areas of service? Are you going to have daily reports on a set of standards? Has that been formulated?

Mr. BESSON. No; we have not established a set of standards yet, but we have 25 people of our own, largely former Pullman Co. employees that did this type of work for the Pullman Co., who are going out and will ride the trains, and this is a small beginning but they will be our people out seeing how the railroads are providing service to the passengers, and they will make daily reports to us as to the conditions that they find them in, and make recommendations as to what improvements should be made.

Senator HARTKE. What if they fail to comply? What if you have a deviation from time or any other service and they fail to comply? What is the authority of the corporation to impose any type of penalty? You say there are no penalty provisions in there. How can you make them comply?

Mr. BESSON. I do not know—it is merely the pressure that you put on.

Senator HARTKE. How are you going to put pressure on?

Mr. BESSON. We have got people of good will here who have signed contracts, and they say they are going to use their best efforts and, in my opinion, they will indeed do that.

Senator HARTKE. Let me just say that these same people have been operating with good will before, and the good will has not been very satisfactory for the good interests of the people.

Mr. BESSON. They did not have somebody checking on it, Senator, and we are going to checks.

Senator HARTKE. What are you going to do if you check and they say no—let me do the other side, which I think is more apt to be the case. So you have some service which is unsatisfactory, and you demand they provide satisfactory service, and they say, "Yes, sir, we are going to do it," but just go the same old road and do not do anything, which is more than likely what will happen?

Mr. BESSON. I think there are two aspects. Let us say we want to get the trains cleaned more often—

Senator HARTKE. What if they do not?

Mr. BESSON. They will.

Senator HARTKE. What if they do not?

Mr. BESSON. There is no reason not to. They are being paid.

Senator HARTKE. Can you withhold payment?

Mr. BESSON. Sure.

Senator HARTKE. I am talking about what the penalties are. You say you are going to renegotiate the contract and impose penalties for deviation in service?

Mr. BESSON. There is provision for modification of the contract in the service agreements.

Senator HARTKE. You think there is really incentive for the railroads to agree to a reopening of the contract to permit a penalty section to be put in?

Mr. KENDALL. There sure is. In the first place, withholding the money, holding up the money, that usually works pretty well.

In the second place, just negotiating with them about it adds pressure.

In the third place, we can go to arbitration. There are elaborate arbitration provisions. They are good ones.

And in the fourth place, of course, you can always sue them for nonperformance.

Mr. BRADSHAW. Senator, I think it is important to just briefly refer here to the section in the contract which specifically provides that all of the sections and agreements contained in the contract except three are subject of being submitted to binding arbitration, and the agreement that is made in arbitration can be enforced in the courts.

Now the sections that you are basically referring to that have to do with service are 3.2, 3.7, and 4.3 of the contract. Those three paragraphs are not exempted from being submitted to arbitration and those are the ones that put us in a position to demand the type of service that has been described here. And if the railroads will not provide it, we do have a right in the contract to take this matter to arbitration and get a binding determination, which is enforceable.

The language of the act specifically provides that "concerning the interpretation, application or implementation"—and I think the word "implementation" is very important here—"of this agreement shall be submitted to binding arbitration in accordance with the provisions of the arbitration agreement attached." And you have a copy of that before you.

So we do have a legal process available to us, Senator, just as you know, as a distinguished lawyer, you have available to you in all contracts. The only difference here is that first we go to arbitration instead of filing a lawsuit on it.

Senator HARTKE. Fine. Do you have any authority to withhold payment to them?

Mr. KENDALL. Sure.

Mr. BRADSHAW. I think you have the same authority, Senator, that you have under any contract where there is a failure upon the performance of one of the parties to the contract. You have a right inherent in the contract not to pay for services not rendered.

Senator HARTKE. Is that in the contract?

Mr. BRADSHAW. No, it is not. But, Senator, as you know, that is a basic principle of law, and I do not believe, sir, you would have to restate it in the contract.

Mr. BESSON. Certainly all of the requirements that we place on the railroads and their bills for those requirements are auditable, and we have the right under the contract to go in and audit their accounts. And our auditors will not allow them, they will just disallow—

Senator HARTKE. Do you understand what I am saying to you, very simply to you, is that as far as the whole purpose of this, it was to improve the quality of service. Now if you do not get an improvement in the quality of service—I am looking to see what is there to make sure—

Take, for example, in the Metroliner contract, there is a provision for a \$1,000 fine per day for each train which is operating unsatisfactorily, a \$1,000 fine.

Would not something like that have been appropriate in this contract, too, for this corporation?

Mr. BRADSHAW. Senator, I would just like to address myself to that.

Senator HARTKE. Let me just read for you that part of the contract. It says:

For each demonstration train operated for which service was not satisfactorily furnished during any 6-month period of the test period, as provided in Paragraph B of this Article, there shall be deducted from any monies due to the Railroad hereunder the sum of one thousand dollars.

For each train.

That is a penalty which has at least some incentive.

Mr. BRADSHAW. I do not think in all of your years of practicing law before joining this distinguished body, and I know that I never read a contract somebody else negotiated where I did not think I would have put something more in it if I did it myself.

I think this one is probably subject to the same thinking.

But I think, sir, it was a negotiated contract in which there was give-and-take on both sides, and I do believe we have entered into a contract which gives us an opportunity to start this service on May 1 and get done those things you have indicated—

Senator HARTKE. You do believe the contract provides for the insurance of quality service on the railroads?

Mr. BRADSHAW. I believe in these arbitration provisions I have just alluded to, Senator, although they may be cumbersome—

Senator HARTKE. Who is going to collect the moneys? Are not the railroads going to collect the moneys?

Mr. BRADSHAW. True. But they are subject to making a direct accounting to us, and all of the books and records are open and subject to our audit.

There are extensive provisions in the contract, Senator, under article V, which go into great and elaborate detail, into the procedure of costs, the payments of moneys, the filing of budgets, approved budgets, the monthly advances, monthly reports and payments between the parties. And I believe in there that that article adequately covers these questions as to payments.

Senator HARTKE. Let me say that if this same—what I call the “Senator Magnuson three sets of books” applies, you know we may have some difficulty making an analysis of that.

Mr. KENDALL. The one thing about that that has made me particularly hopeful about the way this is going to work, Senator Hartke, is that under the contract and under the understanding, we will provide the management and the management services.

One of the reasons why we were so careful about getting a chief executive officer, as we have finally gotten Roger Lewis after looking at a lot of other people, is that his type of management experience, as it became known to us when we were investigating him, was what we were looking for, and we think that the contract gives to the management of this corporation the sort of clout, as they say, that will make it work, the way you want it to work, and the way we want it to work.

Senator HARTKE. I think for the record I would like for you to submit this information: Which railroads have entered into contracts with the Rail Passenger Corporation? When did each railroad enter into a contract? How much is each railroad obligated to pay to the corporation as a result of the contracts? And what amount is the corporation obligated to pay to the railroads for these services?

I will give you the list.

Mr. KENDALL. We got the questions yesterday, and we brought along the information for you, with the exception of this, that the contracts are all dated, all of them, April 16, and were taken by the railroads. There is no provision for another date. I have here on a piece of paper the contracts that have been signed, the list of them, and the notation besides each one as to the date of the letter that returned the contract. Some of them I do not have. We will have to supply those.

Senator HARTKE. All right, just supply that for the record.

(The information follows:)

THE NATIONAL RAILROAD PASSENGER CORPORATION AGREEMENTS

The National Railroad Passenger Corporation Agreements (“Agreements”) were entered into by the National Railroad Passenger Corporation (“Amtrak”) and twenty of the nation’s passenger railroads¹ from April 16, 1971, to April 25, 1971, pursuant to §§ 401 and 402 of the Rail Passenger Service Act of 1970, 45 U.S.C.A. §§ 561, 562 (“Act”).

The Agreements between Amtrak and the nation’s railroads provide, as required by the Act, that from and after May 1, 1971, the railroads are relieved of

¹ The Atchison, Topeka & Santa Fe RR. Co.
The Baltimore & Ohio RR. Co.
Burling Northern Inc.
Central of Georgia RR. Co.
The Chesapeake & Ohio Ry. Co.
Chicago & Northwestern Ry. Co.
Chicago, Milwaukee, St. Paul & Pacific RR. Co.
Delaware & Hudson Ry. Co.
Grand Trunk Western RR.
Gulf, Mobile & Ohio RR.
Illinois Central RR.
Louisville & Nashville RR. Co.
Missouri Pacific RR. Co.
Norfolk & Western Ry. Co.
Northwestern Pacific RR. Co.
Penn Central Transportation Co.
Richmond, Fredericksburg & Potomac RR. Co.
Seaboard Coast Line RR. Co.
Southern Pacific Transportation Co.
Union Pacific RR.

all responsibility for the provision of intercity rail passenger service. For such relief, the railroads have agreed to pay to Amtrak one-half of their fully distributed passenger service deficit for the year 1969 (approximately \$200 million).² Four of the twenty railroads will, at their election, receive common stock in Amtrak equal in par value to their payment.

Implementing Amtrak's responsibility to begin intercity passenger service on May 1, 1971 over the basic system designated by the Secretary of Transportation, the Agreements provide that the railroads shall perform such services for Amtrak as Amtrak may request. Basically this means that on May 1 the railroads will operate for Amtrak passenger trains between points and over routes designated by Amtrak. Amtrak has full authority to determine the schedules, fares and operating requirements for such passenger trains (consistent with railroad's physical and financial ability). In performing services for Amtrak, the railroads are required to recognize the importance of fast, convenient schedules and passenger comfort and convenience to the success of Amtrak's service. The railroads are obligated to perform their service for Amtrak for at least ten years.

For performing such services, railroads will receive, until July 1, 1973, only those costs which are reasonably and necessarily incurred solely in relation to the service performed ("solely related costs") or, upon presentation of satisfactory evidence, those costs which a railroad could avoid if it were not performing such services. In lieu of the latter alternative, railroads may elect to receive their "solely related costs" plus 5% of such costs. Beginning at May 1, 1972, Amtrak and the railroads will seek to negotiate a revised basis of compensation to come into effect on July 1, 1973, and, failing agreement, will ask the Interstate Commerce Commission to determine just and reasonable compensation to be paid by Amtrak to the railroads for their services.

Since it is anticipated that Amtrak will shortly wish to acquire and use its own equipment in the performance of its rail passenger service, the railroads are obligated to maintain the majority of their equipment until August 1, 1971 so that Amtrak may at its option lease or purchase some of such equipment. In addition, Amtrak has the right to use railroads' tracks, and railroads must preserve and maintain any tracks on which Amtrak provides service.

As required by the Act, the Agreements contain labor protective provisions which have been certified by the Secretary of Labor to be fair and equitable to the railroad's employees.

Finally, an essential element of the Agreements is a requirement that any disputes which may arise be submitted to the National Arbitration Panel for decision.

NATIONAL RAILROAD PASSENGER CORP. AGREEMENTS—ALL DATED APRIL 16, 1971

Atchison, Topeka & Santa Fe Railroad Company.

The Baltimore and Ohio Railroad Company.

Burlington Northern, Inc.

Central of Georgia Railway Company.

The Chesapeake & Ohio Railway Company.

Chicago & Northwestern Railway Company.

Chicago, Milwaukee, St. Paul & Pacific Railroad Company.

Delaware & Hudson Railway Company.

Grand Trunk Western Railroad.

Gulf, Mobile & Ohio Railroad.

Illinois Central Railroad.

Louisville and Nashville Railroad Company.

Missouri Pacific Railroad Company.

Norfolk & Western Railway Company.

Northwestern Pacific Railroad Company.

Penn Central Transportation Company.

Richmond, Fredericksburg & Potomac Railroad.

Seaboard Coast Line Railroad Company.

Southern Pacific Transportation Company.

Union Pacific Railroad.

² The railroads may elect to pay a lesser amount, if applicable, pursuant to § 401(a) (3) of the Act.

National Railroad Passenger Corp.—Schedule of railroad deficit payments

(Payment—50 percent of 1969
fully distributed passenger
service deficit)

The Atchison, Topeka and Santa Fe Railroad Co.....	\$21,053,773
The Baltimore and Ohio Railroad Company.....	4,840,061
Burlington Northern, Inc.....	33,447,191
Central of Georgia Railway Company.....	1,194,026
The Chesapeake & Ohio Railway Company.....	4,652,651
Chicago & North Western Railway Company.....	126,638
Chicago, Milwaukee, St. Paul & Pacific Railroad Company.....	5,943,074
Delaware & Hudson Railway Company.....	325,064
Grand Trunk Western Railroad Company.....	2,084,564
Gulf, Mobile & Ohio Railroad Company.....	2,243,750
Illinois Central Railroad Company.....	8,666,420
Louisville & Nashville Railroad Company.....	5,975,176
Missouri Pacific Railroad Company.....	2,492,477
Norfolk and Western Railway Company.....	5,825,348
Northwestern Pacific Railroad Company.....	31,896
Penn Central Transportation Company.....	52,382,109
Richmond, Fredericksburg & Potomac Railroad Co.....	1,689,674
Seaboard Coast Line Railroad Company.....	16,091,306
Southern Pacific Transportation Company.....	9,259,225
Union Pacific Railroad Company.....	18,770,738
Total	197,095,161

NATIONAL RAILROAD PASSENGER CORPORATION—PAYMENTS TO RAILROADS, 1971

Name of railroad	May	June	July
The Atchison, Topeka & Santa Fe Railroad Co.....	\$1,707,500	\$975,100	\$706,800
Burlington Northern, Inc.....	1,297,550	754,600	441,450
The Chesapeake & Ohio Railroad Co.....	337,800	328,200	316,700
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.....	350,600	346,600	307,500
Gulf, Mobile & Ohio Railroad Co.....	327,700	315,000	314,700
Illinois Central Railroad Co.....	492,861	448,380	472,928
Louisville & Nashville Railroad Co.....	118,077	78,827	47,126
Missouri Pacific Railroad Co.....	140,400	135,200	138,100
Missouri Central Transportation Co.....	3,264,665	3,324,461	3,174,879
Do.....	241,667	241,667	241,667
Richmond, Fredericksburg & Potomac Railroad Co.....	124,933	103,377	42,662
Seaboard Coastline Railroad Co.....	2,022,100	1,807,500	1,580,000
Southern Pacific Transportation Co.....	799,900	550,300	470,000
Union Pacific Railroad Co.....	97,514	92,214	73,299
Total payment.....	11,323,267	9,501,426	8,327,811

NATIONAL RAILROAD PASSENGER CORPORATION—APR. 1, 1971

	Fully distributed passenger service deficit ¹	50 percent of the fully distributed passenger service deficit ¹
The Atchison, Topeka & Santa Fe Railroad Co.....	\$42,107,547	\$21,053,773
The Baltimore & Ohio Railroad Co.....	9,680,122	4,840,061
Burlington Northern, Inc.....	66,894,382	33,447,191
Central of Georgia Railroad Co.....	2,388,052	1,194,026
The Chesapeake & Ohio Railway Co.....	9,305,302	4,652,651
Chicago & North Western Railway Co.....	253,277	126,638
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.....	11,886,148	5,943,074
Delaware & Hudson Railway Co.....	650,129	325,064
Grand Trunk Western Railroad.....	4,169,128	2,084,564
Gulf, Mobile & Ohio Railroad.....	4,487,500	2,243,750
Illinois Central Railroad.....	17,332,841	8,666,420
Louisville & Nashville Railroad Co.....	11,950,352	5,975,176
Missouri Pacific Railroad Co.....	4,984,954	2,492,477
Norfolk & Western Railway Co.....	11,650,696	5,825,348
Northwestern Pacific Railroad Co.....	63,793	31,896
Penn Central Transportation Co.....	104,764,219	52,382,109
Richmond, Fredericksburg & Potomac Railroad Co.....	3,379,349	1,689,674
Seaboard Coast Line Railroad Co.....	32,182,612	16,091,306
Southern Pacific Transportation Co.....	18,518,450	9,259,225
Union Pacific Railroad.....	37,541,477	18,770,738

¹ As reported to the commission for the year ended Dec. 31, 1969.

Senator HARTKE. Senator Mansfield raised a question about Yellowstone. Do you think there is any possibility that sometime in the future you can provide service for a place like Yellowstone National Park? That certainly is an historic, beautiful place.

Mr. KENDALL. It sure is. And we have discussed it. As a matter of fact, one of the first things we discussed was the type of summer service we could do for Yellowstone.

Originally we discussed Yellowstone and Glacier, each with gateways—well, Glacier is all in his State, and the Livingston entrance at Gardner is in Montana. And we certainly do and we have it very much in mind, and have discussed it.

Senator HARTKE. Is it the intention of the incorporators to ultimately operate the whole system yourself?

Mr. KENDALL. Yes; and I would like General Besson to address himself to that. But it will take a while.

Senator HARTKE. How soon do you anticipate that?

Mr. BESSON. We do not have a time schedule on that, Senator, but we would hope that with the people that come in contact with the public will be gradually phased into our operation. Whether we will ever get around to wanting to have on our rolls the engineers and the firemen and the conductors, I am not so sure, because they have to be under the control of the operating railroad anyhow. They have to be responsible to them for the operation. We do not have any firm plans as to how we are going to phase this.

But we made the start. We are putting some people out and as we get time to address these longer-range problems after solving the major problems of getting this thing kicked off on the first of May, we will develop schedules as to what we want to do.

Mr. GILHOOLEY. May I comment on that, General?

Speaking perhaps only for myself now, we began here by attempting to get agreements between the railroads and ourselves on a fundamental, sound basis in terms of reimbursement. The reimbursement is out of pocket. In order that we could get off the ground on May 1, and see some way down the track in terms of fiscal viability, we built into our planning the possibility and probability of additional agreements with the railroads, as General Besson has said, with regard to incentives for better performance and penalties for poor performance.

Now I think I read the board correctly, Senator, when I say that we are willing to go as far with the railroads as we can go to get the kind of service that we are going to demand. We are going to do everything we can to cooperate with them to get it. But if we do not get it, then we will do whatever has to be done to provide the level of service that we will insist upon for this corporation; and if that means taking over the operation, we will go that far.

Now I think that essentially states the broad policy of the board as it approaches the beginning of the operations.

Senator HARTKE. The question of mail has been raised here. Have you given thought to the possibilities? How much revenue can be raised? How much should be done in regard to mail service? And how much revenue could be generated for the corporation if you did use the mail?

Mr. KENDALL. We certainly have, and in the early days we assigned this duty to Charlie Luna, and he is doing it well.

Mr. LUNA. Senator, we made an in-dept study of it, and we found that the only money that was being made by mail handling on the railroads, other than the mail handled in freight service, was locked-car mail being handled from one city to another. And we have had submitted to us eight different mail contracts from the Post Office; five of them which we accepted; three of them we had to turn down because the railroads would not furnish the help at the end points to unload and load mail, and we are not intending to handle any mail at a loss, or we are not intending to handle mail that will delay a good passenger service.

Senator HARTKE. How much revenue is anticipated would be raised by this?

Mr. LUNA. Around \$2 million.

Senator HARTKE. Annually?

Mr. LUNA. Yes. And we have the profit on each of the five contracts that we intend to sign.

Senator HARTKE. The question has been raised to me about whether or not the contracts with the people who are to be terminated in their service, whether or not there was proper consideration given to those people who would lose their jobs, and the fact that the law in itself was maybe not followed by the Secretary of Labor in making the decision concerning the labor provisions.

Mr. KENDALL. Well, of course, none of these people are to be our employees initially. This was a matter which was taken cognizance of by the Congress in the labor protective aspect or section of the agreement. Apparently the railways and the unions did not entirely agree on the formula which would be followed; and they, as you know, had the Secretary of Labor make a certification in connection with that.

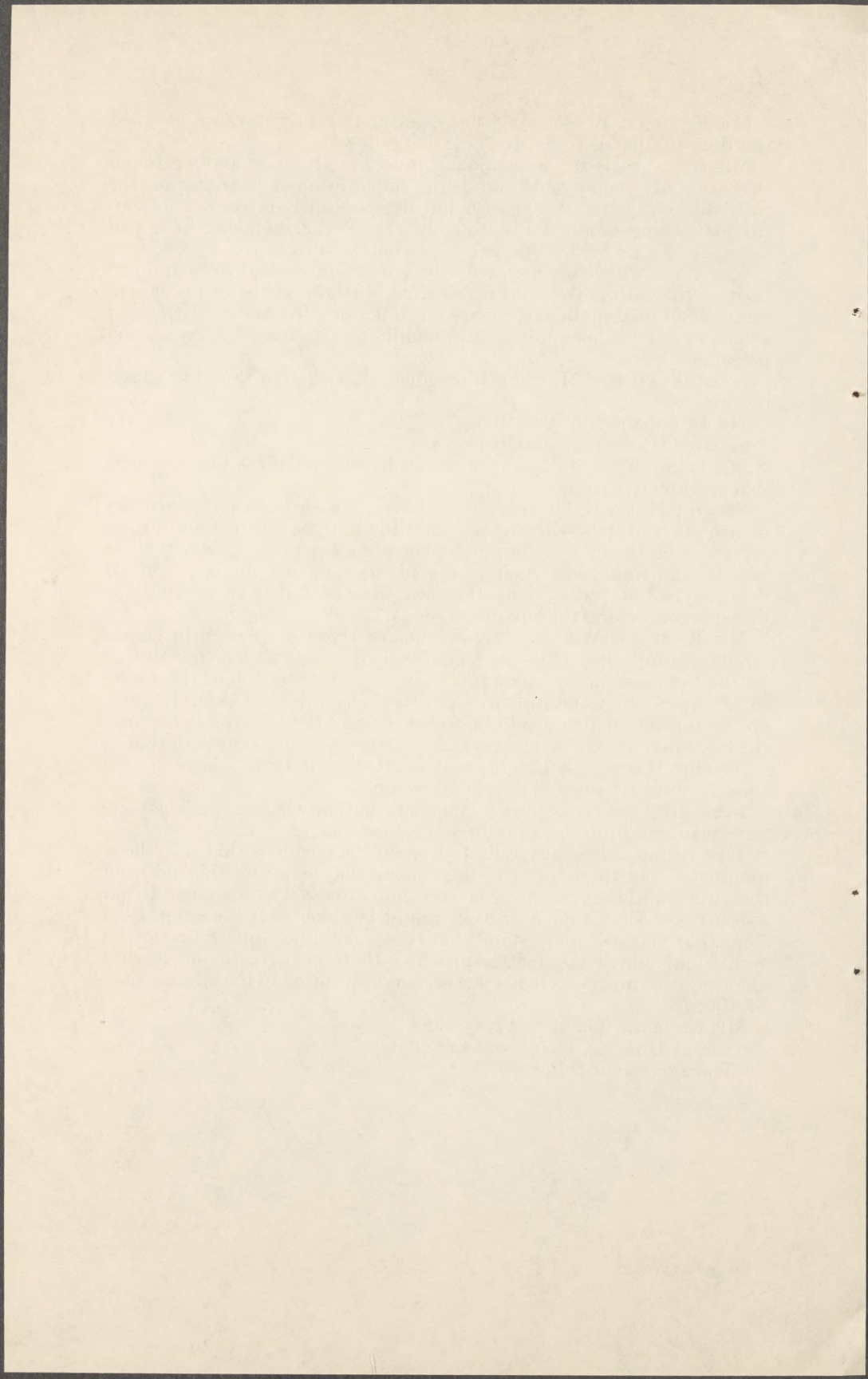
Senator HARTKE. All right, that is all the questions I have at this time. I want to thank you people for coming.

I can give you no assurances on confirmation whatsoever. The matter was discussed in the committee this morning, and I do not want you to take it that this is any reflection upon the members that have been nominated, but there was a feeling among the committee this morning that, in view of the fact that you were going to testify subsequent to our executive session, that no action would be taken this morning. So I hope that you will understand that this is not a personal reflection on individuals but it is a matter in which there is at this moment some emotion running, as well as some serious opposition to the effective date of May 1.

Mr. KENDALL. Thank you very much.

Senator HARTKE. Thank you for coming.

(The agreement follows:)



THE
NATIONAL RAILROAD PASSENGER CORPORATION
AGREEMENT

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THE
NATIONAL RAILROAD PASSENGER CORPORATION
AGREEMENT

THIS AGREEMENT, dated as of April 16, 1971, between National Railroad Passenger Corporation, a corporation organized under the Rail Passenger Service Act of 1970 (hereinafter referred to as the "Act") and the laws of the District of Columbia (hereinafter referred to as "NRPC"), and the undersigned railroad (hereinafter referred to as "Railroad").

WHEREAS, NRPC was organized pursuant to the Act for the purpose of providing modern, efficient intercity rail passenger service within a national rail passenger system;

WHEREAS, in furtherance of that purpose, NRPC desires to contract with Railroad for the acquisition or use of certain equipment and facilities and for the furnishing of certain services;

WHEREAS, NRPC is in the process of entering into a number of contracts with other railroads identical with this Agreement save as to the provisions of Appendix B;

WHEREAS, the parties desire to enter into an agreement relieving Railroad of its responsibility to perform intercity rail passenger service, and facilitating the initiation of intercity rail passenger service by NRPC, on May 1, 1971;

WHEREAS, in order to do so, Railroad is willing to waive, during an interim period, certain elements of compensation which it believes are just and reasonable and to which it believes it would otherwise be entitled; and

WHEREAS, therefore, the parties are unable to agree within the time available prior to May 1, 1971, on a basis for compensating Railroad subsequent to July 1, 1973, for the services, equipment and facilities which Railroad is undertaking to make available to NRPC hereunder, but in order to further the purposes of the Act and permit NRPC to undertake passenger service on a timely basis, the parties are willing to enter into this Agreement which, in Article Five, provides an initial basis for compensation and for a future redetermination of the basis for compensation.

NOW, THEREFORE, in consideration of the terms and conditions herein contained, NRPC and Railroad hereby agree as follows:

ARTICLE ONE

DEFINITIONS

"Intercity Rail Passenger Service" means all rail passenger service over the lines of Railroad owned, leased, or operated by Railroad other than (i) commuter and other short-haul service in metropolitan and suburban areas, usually characterized by reduced fare, multiple-ride and commutation tickets, and by morning and evening peak period operations, and (ii) auto-ferry service characterized by transportation of automobiles and their occupants where contracts for such service have been consummated prior to October 30, 1970.

"Intercity Rail Passenger Trains" means all trains operated in Intercity Rail Passenger Service.

"Act" means the "Rail Passenger Service Act of 1970."

"Commission" means "Interstate Commerce Commission."

"Rail Lines" is defined in Section 4.1.

ARTICLE TWOTRANSFER OF PASSENGER SERVICESection 2.1. Relief from Responsibility.

From and after May 1, 1971, Railroad shall be relieved of its entire responsibility for the provision of Intercity Rail Passenger Service. Railroad shall not, without the prior written consent of NRPC, operate or provide any regularly scheduled Intercity Rail Passenger Service except pursuant to and in accordance with this Agreement.

If, having fully complied with the notice or other provisions of Section 401(a)(1) of the Act, Railroad is required, because of any order of any Federal, State or local court or agency of government, whether or not such order is lawfully issued, to continue or resume operation of any Intercity Rail Passenger Train beyond April 30, 1971, NRPC and Railroad will cooperate in efforts to effectuate discontinuance thereof.

Section 2.2. Fully Distributed Deficit Payment.

In consideration of its being relieved by NRPC of its entire responsibility for the provision of Intercity Rail Passenger Service, Railroad shall pay NRPC

Dollars (\$ _____), being an amount equal to fifty per centum (50%) of Railroad's fully distributed passenger service deficit for the year ending December 31, 1969, as reported to the Commission in Railroad's Annual Report Form A For The Year Ended December 31, 1969 (Schedule 300, Line 25, Column J). Except as hereinafter provided, said amount shall be

paid in cash in thirty-six (36) consecutive monthly installments commencing on May 1, 1971, which installments shall be equal except that the first thirty-five (35) installments shall be rounded off to the nearest Ten Dollars (\$10.00).

Section 2.3. Avoidable Loss Payment.

Notwithstanding the provisions of Section 2.2, Railroad reserves the right to pay a lesser amount than the amount provided for in Section 2.2, which lesser amount shall be determined as provided in Section 401(a)(3) of the Act.

If the amount owed NRPC by Railroad as so determined shall be less than the amount provided for in Section 2.2, NRPC shall refund the difference (i) by an appropriate adjustment in future monthly installments otherwise payable under Section 2.2; (ii) in cash; or (iii) by a combination of both, in each instance as may be agreed upon by NRPC and Railroad, provided that no cash refund shall be made except upon surrender to NRPC of an amount of its Ten Dollar (\$10.00) par value Common Stock equivalent in par value to the amount of such refund, unless Railroad shall have waived its right to receive such Common Stock.

Section 2.4. Satisfaction of Payments.

At any time hereafter, NRPC may elect to have all or a part of the total amount owed to it by Railroad paid to it, in the event of transfer to it of passenger train cars, locomotives or other passenger service equipment, by offset, against the amount then owed by Railroad to NRPC under the provisions of Section 2.2 or 2.3, of the price at which the transfer of such equip-

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ment takes place. Any excess of said price over the amount then owed by Railroad to NRPC shall upon said transfer be paid to Railroad by NRPC in cash or in such other manner and upon such other terms and conditions as Railroad and NRPC may agree. Similarly, at any time hereafter, NRPC may elect to have all or a part of the total amount owed it by Railroad under the provisions of Section 2.2 or 2.3 paid to it in the form of future service, the value of which shall be computed in the manner provided in Section 5.1 and Appendix A.

Section 2.5. Issuance of Stock.

Promptly after payment or satisfaction of any amount payable by Railroad as provided in Sections 2.2, 2.3 or 2.4, NRPC shall issue to Railroad one share of Common Stock for each Ten Dollars (\$10.00) of the amount so paid or satisfied and shall, subject to the provisions of Section 304(b) of the Act, promptly deliver to Railroad a certificate for such share duly registered in the name of Railroad; provided, however, that no Common Stock shall be issuable hereunder to Railroad if Railroad, at or prior to the payment of the first installment payable by Railroad, shall have notified NRPC in writing that it irrevocably waives its right to receive Common Stock with respect to all amounts payable by it pursuant to this Article Two, and provided further that the obligation of NRPC to issue Common Stock hereunder shall be subject to the securing of any necessary governmental approvals required by law.

ARTICLE THREETHE SERVICESSection 3.1. Right to Services.

Subject to and in accordance with the terms and conditions of this Agreement, Railroad hereby agrees to provide NRPC, over Rail Lines of Railroad, with the services requested by NRPC for or in connection with the operation of NRPC's Intercity Rail Passenger Service, including the carrying of mail and express on Intercity Rail Passenger Trains to the extent authorized by the Act. The initial services with respect to Railroad shall be as provided in Appendix B and shall be compatible with the physical capabilities of Railroad.

Section 3.2. Modification of the Services.

NRPC shall have the right from time to time to request, and subject to and in accordance with the terms and conditions of this Agreement Railroad hereby agrees to provide, modified or additional services. Such requests shall be made by filing an amendment to Appendix B with Railroad on a date sufficiently in advance of the date upon which such amendment is to become effective to permit adequate joint planning and joint preparation for the modified or additional services provided for in such amendment. The services requested in any such amendment shall be subject to the physical and financial capabilities of Railroad and shall give due regard to Railroad's speed, weight and similar operating restrictions and rules and safety standards and to the avoidance of

unreasonable interference with the adequacy, safety and efficiency of its other railroad operations. ¹¹ In applying the foregoing, recognition shall be given to the importance of fast and convenient schedules and passenger comfort and convenience to the success of NRPC's Intercity Rail Passenger Service.

Section 3.3. Provision of the Services.

Railroad further agrees to provide and furnish all labor, materials, equipment and facilities necessary to perform the services to be provided under Sections 3.1 and 3.2 (except as the same are provided by NRPC), but shall not, except as is otherwise provided in this Agreement or upon agreement with NRPC, be required to purchase, construct, rebuild or replace Rail Lines, locomotives, cars, rolling stock or ancillary facilities (as defined in Section 3.8).

Railroad shall provide services hereunder in an economic and efficient manner and shall give appropriate recognition to the importance of on-time passenger train operations and passenger comfort and convenience. Railroad shall make every reasonable effort to maintain the schedules established by NRPC for its Intercity Rail Passenger Service. From time to time NRPC will deliver to Railroad, pursuant to Section 3.2, requests regarding manner and standards of operation designed to refine and make precise the foregoing and to bring about nationally high and uniform standards of intercity rail passenger operations.

Section 3.4. Railroad's Right to Cease Performing Services.

Railroad may, on not less than two years' prior notice to NRPC given at any time on or after May 1, 1979, terminate its obligations to provide services to NRPC pursuant to Sections 3.1, 3.2 and 3.3, provided that any such termination shall be without prejudice to NRPC's rights to obtain services from Railroad pursuant to the Act.

Section 3.5. No Violation of Labor Agreements.

NRPC agrees that it will not require the performance of services hereunder by Railroad, nor will it exercise its rights under Section 3.7, in a manner which would cause Railroad to violate the terms of or incur penalties, unless reimbursed by NRPC, in connection with any then current labor agreements between Railroad and any organization representing any of its employees.

Section 3.6. Termination of the Services.

NRPC shall have the right to terminate Railroad's services on not less than ninety (90) days' prior written notice to Railroad, but exercise of such right shall not limit NRPC's future exercise of its rights thereafter pursuant to Sections 3.1 and 3.2.

Section 3.7. Performance by Other than Railroad.

Upon sixty (60) days' prior written notice to Railroad, NRPC shall have the right to use Railroad's tracks, and to require Railroad to perform all services necessary, in connection with operation by NRPC, or others on its behalf, of NRPC Intercity Rail Passenger Trains in the use of such tracks,

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provided that any such use or services shall give due regard to Railroad's speed, weight and similar operating restrictions and rules and safety standards and to the avoidance of unreasonable interference with the adequacy, safety and efficiency of Railroad's other operations. In applying the foregoing, recognition shall be given to the importance of fast and convenient schedules and passenger comfort and convenience to the success of NRPC's Intercity Rail Passenger Service.

All personnel rendering any services which involve responsibility for Railroad's operating facilities or for the handling or movement of any Intercity Rail Passenger Train shall be subject to the direction, supervision and control of Railroad, and any such services performed by or for NRPC shall be governed by and subject to all then current operating and safety rules, orders, procedures and standards of Railroad with respect thereto.

Railroad may, for cause, require that any person performing services under this Section be prohibited or removed from performance of such services, subject to the requirement that Railroad shall support any action defending such prohibition or removal and bear any claims growing out of any improper prohibition or removal.

Section 3.8. Ancillary Facilities.

In the event Railroad shall wish to dispose of fixed ancillary facilities or portions thereof, other than Rail Lines, such as but not necessarily limited to depots, platforms, canopies, parking areas, shops, tool houses, laundries and commissaries, which are owned or leased by it and which are then being used in and necessary to the services rendered by

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Railroad pursuant to Article Three hereof, Railroad will notify NRPC, and on request of NRPC, shall furnish a substitute facility reasonably equivalent in utility. Railroad shall give notice to NRPC thirty (30) days prior to disposing of any other ancillary facility.

ARTICLE FOUR

Rail Lines.

Section 4.1. Rail Lines.

Railroad shall (i) retain and not dispose of or abandon its Rail Lines used in the initial (commencing May 1, 1971) operation of NRPC's Intercity Rail Passenger Service or in any operation of such service initiated subsequent to May 1, 1971, for as long as such use continues or for the term of this Agreement, whichever period is the shorter, provided that seasonal changes or suspensions of service shall not be deemed discontinuance of use, and (ii) preserve until July 1, 1973, its rights with respect to any of its Rail Lines not included in clause (i) above which were used by it for Intercity Rail Passenger Service on or during the 12 months preceding April 30, 1971. In the event that NRPC shall, prior to July 1, 1973, initiate service on any Rail Lines described in (ii) above, Railroad will retain and not dispose of or abandon such Rail Lines for the period of such use or for the term of this Agreement, whichever is shorter, provided that seasonal changes or suspension of service shall not be deemed discontinuance of use. Railroad shall not, without giving NRPC at least thirty (30) days' prior notice, abandon, relinquish or otherwise dispose of

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any of its right, title or interest in any part of its Rail Lines. Nothing herein shall prevent Railroad from modifying, changing or relocating any facility or any segment of its tracks, provided that with respect to tracks covered by (i) and (ii) of this paragraph the continuity of the tracks is retained.

The "Rail Lines" of Railroad shall include all of its rights of way and real properties appurtenant thereto which constitute its trackage, whether owned or leased or otherwise held, and all of its rights to use such properties of others (not including, subject to the provisions of Section 4.4, joint terminal trackage), together with the roadway structures thereon or appurtenant thereto used in connection with the actual operation of Intercity Rail Passenger Trains.

Section 4.2. Maintenance of Rail Lines.

The Rail Lines of Railroad used in NRPC's Intercity Rail Passenger Service pursuant either to Article Three or Article Four hereof shall be maintained by Railroad at not less than the level of utility existing on the date of the beginning of such use.

Section 4.3. Additional Maintenance and Improvements.

Upon the request of NRPC, Railroad shall as promptly as feasible modify its Rail Lines maintenance, at the sole expense of NRPC for any additional cost to the extent such additional cost is not reimbursed under Appendix A, so as to increase the level of utility of any part of its Rail Lines to the level specified in such request.

NRPC shall have the right (i) at its sole expense, to the extent that the cost thereof is not reimbursed under Appendix A, to require Railroad

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to improve its Rail Lines as provided in such request, or (ii) subject to mutually satisfactory arrangements, to improve the Rail Lines of Railroad; provided that any such improvement shall not unduly interfere with or unduly limit Railroad's other rail operations, that any such requested improvement shall be made by Railroad as promptly as feasible, and that any increase in maintenance cost occasioned by such improvement shall be paid by NRPC to the extent that such increased cost is not reimbursed under Appendix A.

Section 4.4. Jointly Owned Terminals and Joint Trackage.

Railroad will use its best efforts to obtain for NRPC, until July 1, 1973, subject to earlier termination by NRPC on thirty (30) days' notice as to any terminal, such access to and services by jointly owned terminals now used by Railroad as will be required to render the services provided for from time to time under Sections 3.1 and 3.2 and Appendix B and such access to and services by other jointly owned terminals in which Railroad has an interest as is required for NRPC's Intercity Rail Passenger Service. For such access and services NRPC, during such period, will pay to Railroad the costs thereof (exclusive of costs related to ownership) reasonably and necessarily incurred by Railroad under then existing contracts relating to such terminals, to be determined in accordance with Appendix A, including any increased allocation of such costs resulting from reduction in use of such terminals at or about May 1, 1971, provided, however, that notwithstanding any other provision of this Agreement NRPC shall not be obligated to pay any costs of or resulting from protective arrangements applicable to any employees employed in or by any such terminals, except that if, as a result of any increase in or modification of Intercity Rail Passenger Service, the number of job positions in any such terminal is increased over the number of such positions in existence on

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April 30, 1971, or if such terminal is required to reestablish any such job position theretofore eliminated, the labor protection costs borne by Railroad which result therefrom shall be deemed an operating cost to be reimbursed by NRPC.

Railroad also will use its best efforts to obtain for NRPC access to trackage now used by Railroad jointly or in common with other railroads as will be required to render the services provided for from time to time under Sections 3.1 and 3.2 and Appendix B or as is required for NRPC's Intercity Rail Passenger Service. For such access and service until July 1, 1973, NRPC will pay to Railroad, unless NRPC has obtained such rights directly from such other railroad or railroads, the costs reasonably and necessarily incurred by Railroad under existing contracts relating to such trackage which arise from the operation of and are solely related to Intercity Rail Passenger Service, including any increased allocation of such costs resulting from the procurement by Railroad of access to such joint trackage for the operation of NRPC Intercity Rail Passenger Service.

It is the intention of the parties that, subject to the maintenance or provision of the continuity of trackage as set forth in Section 4.1 and to the provision of substitute terminal services for terminals then being used, nothing herein shall be construed to require retention of or constitute a lien upon the real estate of any terminal company or upon any real estate, including terminal facilities, owned or operated by a railroad.

ARTICLE FIVEACCOUNTS AND PAYMENTSSection 5.1. Costs and Accounts.

Railroad shall maintain a set of "NRPC Accounts" which shall set forth all NRPC Revenues and all NRPC Costs. NRPC Revenues shall be those revenues described in Appendix A; and NRPC Costs shall be those expenses described in Appendix A reasonably and necessarily incurred by Railroad which are solely for the benefit of Intercity Rail Passenger Service, including allied services, plus all other costs reasonably and necessarily incurred in connection therewith (exclusive of costs related to ownership of major terminal buildings similar in function to and including those covered by Section 4.4) which are shown by Railroad upon the basis of special studies or other appropriate evidence, or found by the Commission in its determination under Section 401(a) of the Act, to be avoidable costs of Intercity Rail Passenger Service; provided, however, that Railroad may at its option (which shall be exercised in writing to NRPC within sixty (60) days after the effective date hereof) elect to accept an amount computed at the rate of five per centum (5%) of the total NRPC Costs reimbursed to Railroad in accordance with Appendix A, in lieu of and as an approximation of the avoidable costs determined as aforesaid. Prior to the exercise of any such option and until such avoidable costs are determined if such option is not exercised, Railroad may bill at the 5 per centum rate, subject to adjustment in the event said option is not exercised.

The foregoing shall be the basis for the compensation for the services to be rendered to NRPC by Railroad hereunder until July 1, 1973. At any time after May 1, 1972, either NRPC or Railroad may notify the other that it wishes to negotiate as to a redetermination of the basis of compensating Railroad for all, or any part of, the services, or for the use of Railroad's Rail Lines and ancillary facilities. If, within ninety (90) days after the date of such notice, NRPC and Railroad are unable to agree as to a new basis of compensation to be effective July 1, 1973, NRPC and Railroad shall, at the request of either, jointly make application to the Commission under Section 402 of the Act, for an order for the provision of such services and such use of the Rail Lines and ancillary facilities of Railroad by NRPC as are provided for herein on such terms and for such compensation as the Commission by order may fix as just and reasonable.

In the event that such order of the Commission shall not have become final prior to July 1, 1973, the basis of compensation provided for therein shall be retroactive to such date and shall continue until modification of such basis by agreement of the parties or by modification of the order of the Commission on application.

NRPC and Railroad agree to use their best efforts to obtain a prompt final determination on any application made to the Commission pursuant to this Section 5.1. Nothing contained in this Agreement shall be deemed to prejudice the rights of NRPC or Railroad to assert in such negotiations or proceeding claims for a basis of compensation the same as or different from that initially provided for in this Agreement or Appendix A.

Notwithstanding the foregoing, whenever NRPC exercises its right to perform or have performed by others Intercity Rail Passenger Service pursuant to Section 3.7, the compensation, if any, for utilizing track of Railroad shall be agreed upon by the parties and, if they are unable to agree, by the Commission upon application filed pursuant to the Act; provided, however, that the foregoing provisions of this sentence shall not apply to utilization of tracks of Railroad in connection with operation of any experimental or demonstration Intercity Rail Passenger Train or Service for a period of not more than 120 days. It is understood that the activities of non-operating train crew personnel on a through car or train do not constitute utilization of track.

An expenditure of Railroad which is otherwise reimbursable under this Agreement shall not be disallowed because Commission-prescribed accounting requires that it be charged in whole or in part to capital account rather than to expense.

Section 5.2. Approved Budgets.

As soon as practicable after the date of this Agreement, with respect to the remainder of calendar year 1971, and thereafter prior to September 1 of each year, Railroad shall submit to NRPC a detailed budget reflecting by months NRPC Costs anticipated by Railroad during the ensuing calendar year. Thereafter, NRPC and Railroad shall, if necessary, consult with respect to such budget. As soon as practicable after the submission of the first budget, and thereafter prior to November 1 of each year, NRPC shall file with Railroad an Approved Budget by months for the ensuing calendar year. Railroad may

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request the modification of an Approved Budget at any time. NRPC shall have the right to modify an Approved Budget at any time. Advance or subsequent notice of expenditures in excess of budget shall be given as promptly as practicable, but nothing in this Section shall be deemed to prohibit Railroad from charging as an NRPC Cost any cost reasonably and necessarily incurred which is chargeable to NRPC pursuant to Section 5.1 and Appendix A, even if such cost shall not have been included in an Approved Budget.

Section 5.3. Monthly Advances.

On or before the fifteenth day of each month, NRPC shall pay to Railroad the amount of any budget deficit for that calendar month (NRPC Costs in excess of NRPC Revenues as budgeted by NRPC) as reflected in the Approved Budget. In the event of any budget income for that calendar month (NRPC Revenues as budgeted by NRPC in excess of NRPC Costs), Railroad shall pay the amount of such surplus to NRPC on or before the fifteenth day of such month.

Section 5.4. Monthly Report.

Within sixty (60) days following the end of each month, Railroad shall submit to NRPC a Monthly Report in such detail as may reasonably be requested by NRPC, certified by its NRPC Operations Officer and its Chief Accounting Officer setting forth for such month (i) the NRPC Revenues received; (ii) the NRPC Costs incurred; and (iii) the NRPC Costs and NRPC Revenues contained in the Approved Budget for said month. If NRPC Costs incurred during said month vary significantly from the Approved Budget covering said month, such Report shall contain an explanation as to where

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and why such variances occurred. Such Report shall also set forth the amount of net income or deficit, as the case may be, which amount shall be NRPC Revenues minus NRPC Costs.

Section 5.5. Payment.

If a Monthly Report of Railroad indicates net income, Railroad shall deliver to NRPC therewith its check payable to NRPC in the amount of such net income, and if a Monthly Report of Railroad indicates a net deficit, within fifteen (15) days following receipt thereof, NRPC shall send its check payable to Railroad in the amount of such deficit, in each case subject to appropriate credit for any payments made pursuant to Section 5.3.

ARTICLE SIX

ARBITRATION

Except as provided in Sections 2.3, 5.1 and 7.3, any claim or controversy between NRPC and Railroad concerning the interpretation, application, or implementation of this Agreement shall be submitted to binding arbitration in accordance with the provisions of the Arbitration Agreement dated the date hereof among NRPC, Railroad, and certain other railroads which have entered into agreements with NRPC providing for the acquisition or use by NRPC of equipment and facilities of such other railroads and for the furnishing of services to NRPC by such other railroads.

Execution of this Agreement shall constitute agreement by the parties to execute and deliver said Arbitration Agreement concurrently with the execution and delivery of this Agreement.

ARTICLE SEVENGENERALSection 7.1. Cars and Locomotives.

Subject to liens and other contractual commitments existing on the date hereof:

(a) Prior to August 1, 1971, Railroad shall not, without the consent of NRPC, transfer any of its right, title or interest in, or otherwise dispose of other than by way of replacement (i) any of its serviceable intercity passenger train cars which is necessary to perform the Intercity Rail Passenger Service described in Appendix B, or (ii) any of its serviceable locomotives which is necessary to perform the Intercity Rail Passenger Service described in Appendix B, or (iii) more than 10% in depreciated book value of the remainder of its intercity passenger train cars or more than 10% in depreciated book value of its other locomotives useful for Intercity Rail Passenger Service.

(b) After August 1, 1971, Railroad may, without the consent of NRPC, transfer any of its right, title or interest in any of its intercity passenger train cars, or any of its locomotives useful for Intercity Rail Passenger Service, other than any cars or locomotives designated by NRPC pursuant to paragraph (c) of this Section 7.1, upon the condition that it first grant to NRPC, by notice, the right exercisable during a period of thirty (30) days from the date of such notice, to acquire such right, title or interest upon the same terms and conditions as those offered to such other person.

(c) At any time prior to August 1, 1971, NRPC shall have the right to purchase or lease from Railroad, on such terms as may be agreed upon by NRPC and Railroad prior to August 1, 1971, any of Railroad's passenger train cars or any of Railroad's locomotives useful for Intercity Rail Passenger Service. At any time prior to August 1, 1971, NRPC shall designate intercity passenger train cars of Railroad and locomotives of Railroad exclusively usable for Intercity Rail Passenger Service which NRPC desires to purchase or lease from Railroad effective August 1, 1971, pursuant to this sentence, and thereafter NRPC shall have the right at its election (i) to lease from Railroad for the period from August 1, 1971, to July 1, 1973, cars and locomotives so designated, on such terms as may be agreed upon between NRPC and Railroad or, in the absence of such agreement, on such terms as may be or may have been determined by arbitration in accordance with Article Six hereof, or (ii) to lease, with an option to purchase at the end of the lease period, from Railroad for the period from August 1, 1971, to July 1, 1973, cars and locomotives so designated, on such terms as may be agreed upon between NRPC and Railroad or, in the absence of such agreement, on such terms as may be or have been determined by arbitration in accordance with Article Six hereof, or (iii) to purchase from Railroad cars and locomotives so designated at such price and on such terms as may be agreed upon between NRPC and Railroad or, in the absence of such agreement, at such price as may be or may have been determined by arbitration in accordance with

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Article Six hereof to be the fair value thereof in light of the then existing circumstances, such election to be made by NRPC prior to or within 30 days following the arbitration award. Any lease or purchase pursuant to the preceding sentence shall be effective August 1, 1971, and the parties shall make any adjustments in amounts paid or received after August 1, 1971, as shall be necessary to effect such retroactivity, including payment of interest on the amount of any such adjustment after August 1, 1971, to the date of such adjustment at the prime rate in effect from time to time at Chase Manhattan Bank to reflect use of money. Railroad's locomotives exclusively usable by it in Intercity Rail Passenger Service shall mean locomotives which are not practicably convertible for or usable in Railroad's other operations.

(d) With respect to any intercity passenger train cars referred to in clause (i) or locomotives referred to in clause (ii) of Section 7.1 (a), NRPC shall pay to Railroad, during the period May 1, 1971, through August 1, 1971, in addition to amounts payable under Appendix A, an amount equal to the interest or other finance charges payable by Railroad during such period on outstanding purchase or rehabilitation financing of such intercity passenger train cars or such locomotives, with respect to any intercity passenger train car or any such locomotive of Railroad used for Intercity Rail Passenger Service.

Section 7.2. Risk of Liability.

Railroad agrees to assume all liability for injury to or death of persons or damage to or destruction of property arising out of activities conducted pursuant to this Agreement, and in consideration of the assumption of such liability NRPC agrees to pay to Railroad for each month during which such assumption is in effect an amount computed at the rate of 4% of all amounts reimbursable by NRPC to Railroad for such month pursuant to this Agreement. Commencing promptly after May 1, 1971, NRPC and Railroad will negotiate in good faith regarding a method of dealing with the matter of such liability and the risk thereof after December 1, 1971. In the event the parties have not, by December 1, 1971, agreed upon such a method, which may be a percentage method or a legal apportionment of casualty liability or some other method, the determination thereof shall be submitted to arbitration pursuant to Article Six hereof not later than December 31, 1971, provided, however, that, taking into account (i) the inability of NRPC and Railroad in the time and on the data available to agree upon a satisfactory long-term method of dealing with such liability, (ii) the desire of both parties that Railroad be fairly compensated for assuming the risk of such liability, and (iii) the conviction of NRPC that in the light of experience, including the effect of reduction of Intercity Rail Passenger Service, a rate of not more than 2% will be fair for the future, if the method determined by arbitration is a percentage method, the percentage shall not exceed 2% unless clear and convincing evidence establishes that a higher percentage is justified.

During the period such method is in the course of negotiation or arbitration, the method of handling such liability previously in effect shall be continued in effect on an interim basis.

Such arbitration shall be conducted by the National Arbitration Panel, and the parties shall make all reasonable efforts to expedite the arbitration.

In the event a percentage method is agreed upon or established by arbitration, it shall remain in effect for a minimum of one year prospectively after same becomes established, after which the percentage may again be changed by arbitration.

Section 7.3. Labor Protection Costs.

Railroad shall provide fair and equitable arrangements to protect the interests of its employees affected by the discontinuance of Intercity Rail Passenger Service whether occurring before, on or after January 1, 1975, to the extent required by and on the terms and conditions set forth in Appendix C-1.

(a) Railroad shall have the obligation for the costs of such protection without reimbursement by NRPC, for employees of Railroad affected by its discontinuances of intercity rail passenger service under Section 401(a)(1) of the Act.

(b) Within sixty (60) days after May 1, 1971, Railroad shall furnish to NRPC a list of those job positions to be occupied by employees of Railroad as will be necessary for the provision of services by Railroad for NRPC pursuant to Section 3.1, and Section 3.3 insofar as such section implements

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Section 3.1, and in the event Railroad incurs employee protection costs as a result of the elimination or consolidation of any of the job positions set forth on such list, either NRPC or Railroad may submit to arbitration under Article Six hereof the existence and extent of any obligation of NRPC under the Act to reimburse Railroad for such costs. As an alternative to such submission, either NRPC or Railroad shall have the option to petition the United States District Court for the District of Columbia for a declaratory judgment to resolve such controversy. In the event that such District Court determines such controversy, its determination, subject to any appeal provided by law, shall finally resolve the question under this Agreement. If such District Court determines, subject to any such appeal, that it is without jurisdiction to determine such controversy, arbitration shall proceed under Article Six hereof after final determination.

(c) In the event Railroad is required, pursuant to Section 3.2, and Section 3.3 insofar as such section implements Section 3.2, to increase the number of job positions over the number of such positions as specified on the list furnished by Railroad to NRPC pursuant to subsection (b) hereof, or is required to reestablish job positions shown on such list theretofore eliminated, and Railroad thereafter incurs employee protection costs as a result of the elimination or consolidation of such increased or reestablished job positions, NRPC shall reimburse Railroad for the full amount of such

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costs less the amount by which Railroad may have been relieved of its employee protection costs by such increased or reestablished positions.

(d) NRPC shall provide at its expense fair and equitable arrangements to protect the interests of its own employees affected by its discontinuance of Intercity Rail Passenger Service occurring after May 1, 1971, to the extent required by and on the terms and conditions set forth in Appendix C-2.

Section 7.4. Service Within Suburban or Commuter Areas.

Except as provided by agreement between NRPC and Railroad:

In performing Intercity Rail Passenger Service, NRPC agrees that it will not transport any passengers locally between stations within Railroad's suburban or commuter service territory. NRPC may stop its trains at stations within the suburban or commuter territory, consistent with the physical layout of tracks, platforms and facilities, solely for the purpose of picking up or discharging passengers traveling to or from stations beyond the suburban or commuter territory. At the request of NRPC this service prohibition will be modified to permit NRPC to transport passengers locally within specified suburban or commuter territory, provided that in such event NRPC will use its best efforts to maintain and furnish Railroad a separate daily record of the number of local suburban or commuter passengers transported on each NRPC train and account to Railroad for Railroad's minimum commuter fare for each such passenger, less a reasonable allocation of the costs of such transportation.

Section 7.5. Transportation Privileges.

Company mail of Railroad may be transported by Railroad without charge on any Intercity Rail Passenger Trains operated by it over its lines, provided that no extra or special personnel shall be required in connection with the handling thereof.

Business cars of Railroad and Railroad officials and administrative personnel transported therein may be handled on Intercity Rail Passenger Trains, provided that the same may be done consistent with the safe and efficient operation of such trains and shall not cause any material delays in the operation thereof and that any additional cost resulting therefrom will be borne by Railroad.

Railroad shall deadhead passenger cars in freight trains, at the request of NRPC, provided that the same may be done consistent with the safe and efficient operation of such freight trains and that any additional cost resulting therefrom will be borne by NRPC.

Employees of Railroad shall be entitled to ride on Intercity Rail Passenger Trains, including locomotives, without charge, whenever necessary in connection with the inspection, maintenance or operation of such trains.

Transportation privileges, if any, with respect to business and personal travel of Railroad personnel shall be as determined by NRPC.

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Section 7.6. Information.

Either party hereto shall have the right to inspect the books and records of the other party pertaining to the performance of this Agreement, including those relating to the employees and positions covered by Section 7.3, at its usual place of business, on reasonable notice, and during regular business hours, provided that neither NRPC nor Railroad shall be obligated to retain books or records beyond the period required by the Commission.

At any reasonable time NRPC or its designated agents shall have the right upon reasonable conditions and notice to examine the tracks and passenger train rolling stock of Railroad used in performing Intercity Rail Passenger Service for NRPC. Railroad shall furnish, when reasonably requested by NRPC, reports to NRPC pertaining to the level of utility of the tracks of the Railroad for rail passenger transportation use, which reports shall set forth the speed and load capacity of each line segment of the tracks, the condition and capacity of stations and terminals (including any contractual limitations governing Railroad's use of such stations and terminals), the availability and capacity of maintenance facilities, and current maintenance procedures.

Section 7.7. NRPC Operations Officer.

Prior to the date upon which Railroad begins to furnish service to NRPC or upon which use of Railroad's Rail Lines or ancillary facilities is to

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commence, Railroad shall appoint an individual of appropriate rank to be NRPC Operations Officer and shall so notify NRPC. The NRPC Operations Officer shall have responsibility for the performance by Railroad of its obligations under this Agreement. The NRPC Operations Officer shall report directly either to the chief executive or chief operating officer of Railroad. Prior to the replacement of the NRPC Operations Officer, Railroad shall notify NRPC of the name of the succeeding NRPC Operations Officer and the effective date of his appointment.

ARTICLE EIGHT

MISCELLANEOUS

Section 8.1. Force Majeure.

The obligations of the parties hereunder shall be subject to force majeure (which shall include strikes, riots, floods, accidents, Acts of God, and other causes or circumstances beyond the control of the party claiming such force majeure as an excuse for non-performance), but only as long as, and to the extent that, such force majeure shall prevent performance of such obligations.

Section 8.2. Successors and Assigns.

All the covenants and obligations of the parties hereunder shall bind their successors and assigns whether or not expressly assumed by such successors and assigns.

Section 8.3. Interpretation.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

This Agreement shall be construed in accordance with and governed by the laws of the District of Columbia. All Appendices attached hereto are integral parts of this Agreement and the provisions set forth in the Appendices shall bind the parties hereto to the same extent as if such provisions had been set forth in their entirety in the main body of this Agreement. Nothing expressed or implied herein shall give or be construed to give to any person, firm or corporation other than NRPC or Railroad any legal or equitable right, remedy or claim under or in respect of this Agreement. Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified orally, but only by an instrument in writing signed by NRPC and Railroad unless a provision hereof expressly permits either of said parties to effect termination, amendment, supplementation, waiver or modification hereunder, in which event such action shall be taken in accordance with the terms of such provision.

Section 8.4. Severability.

If any part of this Agreement is determined to be invalid, illegal or unenforceable, such determination shall not affect the validity, legality or enforceability of any other part of this Agreement and the remaining parts of this Agreement shall be enforced as if such invalid, illegal or unenforceable part were not contained herein.

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Section 8.5. Notices.

Any request, demand, authorization, direction, notice, consent, waiver, or other document provided for or permitted by this Agreement to be made upon, given or furnished to, or filed with one party by the other party, shall be in writing and shall be delivered by hand or by deposit in the mails of the United States postage prepaid, if to NRPC, in an envelope addressed as follows:

National Railroad Passenger Corporation
955 L'Enfant Plaza North, S. W.
Washington, D. C. 20024

and if to Railroad, in an envelope addressed to the attention of Railroad's NRPC Operations Officer, as follows:

Each party may change the address at which it shall receive notification hereunder by notifying the other of such change.

Section 8.6. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original.

Section 8.7. Relationship of Parties.

In rendering any service or in furnishing any equipment, materials or supplies hereunder, Railroad is acting solely pursuant to this Agreement with NRPC made pursuant to the Act and not in its capacity as a common carrier by railroad.

Section 8.8. Term.

This Agreement shall become effective on May 1, 1971, and shall remain in effect through and including April 30, 1996, except as shorter periods are provided in particular sections hereof governing the duration of the obligations of such sections.

Section 8.9 Equal Employment Opportunity.

Railroad shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. Railroad will take affirmative action to insure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer, recruitment advertising, layoff or termination, rates of pay or other forms of compensation; and selection for training, including apprenticeship.

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IN WITNESS WHEREOF, NRPC and Railroad have caused this Agreement to be duly executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

NATIONAL RAILROAD PASSENGER CORPORATION

By _____
Chairman of the Board

Vice Chairman of the Board

Railroad

By _____
Title:

Title:

THE
NATIONAL RAILROAD PASSENGER CORPORATION
AGREEMENT
APPENDIX A

The parties to this Agreement are required to keep their accounts in accordance with the Code of Federal Regulations, Title 49, Part 1201 (49 CFR 1201) and to separate operating expenses between freight and passenger service in accordance with the Code of Federal Regulations, Title 49, Part 1242 (49 CFR 1242). This Appendix contains those instructions which are in addition to the requirements contained in such parts of 49 CFR 1201 and 49 CFR 1242 which are necessary to insure that NRPC Intercity Rail Passenger Service expenses and revenues are accounted for on a uniform basis and are appropriately segregated on the books, records and accounts of Railroad so that they may be readily audited by NRPC representatives.

The accounts prescribed are those contained in 49 CFR 1201 revised as of January 1, 1970, and amended by Interstate Commerce Commission Docket No. 32153, Service Date December 29, 1970. Any change to the foregoing-described accounts ordered by the Interstate Commerce Commission will be the subject of negotiations between the parties as to the propriety of adopting such change for purposes of determining NRPC Intercity Rail Passenger Service expenses and revenues.

In regard to expenses, 49 CFR 1242.01 states that "Carriers shall first assign to freight service or to passenger service, including allied services, the expenses, taxes, equipment rents and joint facility rents incurred solely for the benefit of such services, respectively." Effective May 1, 1971, Railroad shall segregate passenger expenses among NRPC Intercity Rail Passenger Service, commuter and other and expenses common to NRPC Intercity Rail Passenger Service and commuter and other.

For the purposes of this contract "solely for the benefit of" means expenses incurred in providing a specific service, either as initially recorded or as obtained by appropriate separation, subject to the further descriptions under the group headings below, but does not include common expenses which are inseparably incurred for the simultaneous or general benefit of more than one service.

In addition, effective May 1, 1971, the railway operating revenue accounts and rent income accounts contained in 49 CFR 1201 which are solely related to passenger service shall be segregated between NRPC Intercity Rail Passenger Service, and commuter and other. The accounting for operating revenue and rent income shall be on an accrual basis. Existing interline settlement procedures shall continue until May 1, 1972, unless sooner terminated by NRPC upon reasonable notice.

NRPC Intercity Rail Passenger Service expenses and revenues shall be determined in accordance with the following instructions and charged or credited to the accounts indicated and designated as NRPC Intercity Rail Passenger Service accounts.

Group I Accounts

All expenses includable in the following maintenance accounts of property units, as defined in 49 CFR 1201, which were used solely for the benefit of NRPC Intercity Rail Passenger Service shall be designated NRPC Intercity Rail Passenger Service expenses.

<u>Account Number</u>	<u>Description</u>
202	Roadway Maintenance
206	Tunnels and Subways
208	Bridges, Trestles and Culverts
210	Elevated Structures
212	Ties
214	Rails
216	Other Track Material
218	Ballast
220	Track Laying and Surfacing
221	Fences, Snowsheds and Signs
229	Roadway Buildings
231	Water Stations
233	Fuel Stations
235	Shops and Enginehouses
247	Communication Systems
249	Signals and Interlockers
265	Miscellaneous Structures
269	Roadway Machines
272	Removing Snow, Ice and Sand
273	Public Improvements; Maintenance
281	Right-of-way Expenses
304	Power-plant Machinery
305	Shop and Power-plant Machinery; Depreciation
326	Work Equipment; Repairs
328	Miscellaneous Equipment; Repairs

Group II Accounts

All expenses includable in the following maintenance accounts of property units, as defined in 49 CFR 1201, which were used solely for the benefit of passenger service shall be appropriately apportioned between NRPC Intercity Rail Passenger Service, and commuter and other. Expenses initially recorded as common to passenger service shall be appropriately apportioned between NRPC Intercity Rail Passenger Service, and commuter and other.

<u>Account Number</u>	<u>Description</u>
227	Station and Office Buildings
253	Power Plants
257	Power - transmission Systems
278	Maintaining Joint Tracks, Yards and Other Facilities - Dr. (excluding ownership costs)
302	Shop Machinery
336	Joint Maintenance of Equipment Expenses - Dr. (excluding ownership costs)

Group III Accounts

All expenses includable in the following accounts and designated as solely for the benefit of passenger service shall be appropriately apportioned between NRPC Intercity Rail Passenger Service, and commuter and other. Expenses initially recorded as common to passenger service shall be appropriately apportioned between NRPC Intercity Rail Passenger Service, and commuter and other. In the case of labor costs which are paid based on hours worked, the amount includable and the apportionment shall be based on hours worked.

<u>Account Number</u>	<u>Description</u>
311	Other Locomotives; Repairs
317	Passenger-train cars; Repairs
331	Equipment; Depreciation (locomotives and passenger-train cars)
377	Yardmasters and Yard Clerks
378	Yard Conductors and Brakemen
379	Yard Switch and Signal Tenders
380	Yard Enginemen
382	Yard Switching Fuel
383	Yard Switching Power Produced
384	Yard Switching Power Purchased
388	Enginehouse Expenses; Yard
389	Yard Supplies and Expenses
390	Operating Joint Yards and Terminals - Dr. (excluding ownership costs)
392	Train Enginemen
394	Train Fuel
395	Train Power Produced
396	Train Power Purchased
400	Enginehouse Expenses; Train
401	Trainmen
402	Train Supplies and Expenses
412	Operating Joint Tracks and Facilities - Dr. (excluding ownership costs)
415	Clearing Wrecks
441	Dining and Buffet Service
447	Operating Joint Miscellaneous Facilities - Dr. (excluding ownership costs)
461	General Joint Facilities - Dr. (excluding ownership costs)
537	Rent for Locomotives
538	Rent for Passenger-train Cars
541	Joint Facility Rents (excluding ownership costs)

Group IV Accounts

All payroll expenses includable in the following accounts of positions which were filled at least a month by employees who while in that position spent all their time solely for the benefit of NRPC Intercity Rail Passenger Service and other expenses includable in the following

accounts which were incurred solely for the benefit of NRPC Intercity Rail Passenger Service shall be designated NRPC Intercity Rail Passenger Service expenses.

<u>Account Number</u>	<u>Description</u>
201	Superintendence
271	Small Tools and Supplies
276	Stationery and Printing
282	Other Expenses
301	Superintendence
334	Stationery and Printing
339	Other Expenses
351	Superintendence
352	Outside Agencies
353	Advertising
354	Traffic Associations
358	Stationery and Printing
360	Other Expenses
371	Superintendence
403	Operating Sleeping Cars
410	Stationery and Printing
411	Other Expenses
451	Salaries and Expenses of General Officers
454	Law Expenses
458	Stationery and Printing
460	Other Expenses
532	Railway Tax Accruals (other than old-age retirement and unemployment insurance and taxes on terminals)

Group V Accounts

All payroll expenses includable in the following accounts of positions which were filled at least a month by employees who while in that position spent all their time solely for the benefit of passenger service and other expenses includable in the following accounts which were incurred solely for the benefit of passenger service shall be appropriately apportioned between NRPC Intercity Rail Passenger Service, and commuter and other. Expenses initially recorded as

common to passenger service shall be appropriately apportioned between NRPC Intercity Passenger Service, and commuter and other.

<u>Account Number</u>	<u>Description</u>
372	Dispatching Trains
373	Station Employees
376	Station Supplies and Expenses
404	Signal and Interlocker Operation
405	Crossing Protection
406	Drawbridge Operation
407	Communication System Operation
452	Salaries and Expenses of Clerks and Attendants
453	General Office Supplies and Expenses

Group VI Accounts

All expenses includable in the following accounts shall be allocated to NRPC Intercity Rail Passenger Service expenses based on the ratio that payroll expense charged to NRPC Intercity Rail Passenger Service expenses bears to the total payroll costs of Railroad.

<u>Account Number</u>	<u>Description</u>
277	Employees Health and Welfare Benefits
335	Employees Health and Welfare Benefits
359	Employees Health and Welfare Benefits
409	Employees Health and Welfare Benefits
449	Employees Health and Welfare Benefits
456	Employees Health and Welfare Benefits
457	Pensions
532	Railway Tax Accruals (old-age retirement and unemployment insurance)

Group VII Accounts

Expenses includable in the following accounts will not be reimbursed by NRPC.

<u>Account Number</u>	<u>Description</u>
237	Grain Elevators
239	Storage Warehouses
241	Wharves and Docks
243	Coal and Ore Wharves
244	TOFC/COFC terminals
266	Road Property; Depreciation
267	Retirements; Road
270	Dismantling Retired Road Property
274	Injuries to Persons
275	Insurance
280	Equalization; Way and Structures
306	Dismantling Retired Shop and Power-plant Machinery
314	Freight-train Cars; Repairs
318	Highway revenue equipment - Repairs
323	Floating Equipment; Repairs
329	Dismantling Retired Equipment
330	Retirements; Equipment
331	Equipment; Depreciation (other than passenger-train cars and locomotives)
332	Injuries to Persons
333	Insurance
338	Equalization; Equipment
355	Fast Freight Lines
356	Industrial and Immigration Bureaus
357	Insurance
374	Weighing, Inspection and Demurrage Bureaus
375	Coal and Ore Wharves
408	Operating Floating Equipment
414	Insurance
416	Damage to Property
417	Damage to Livestock on Right of Way
418	Loss and Damage; Freight
419	Loss and Damage; Baggage
420	Injuries to Persons
421	TOFC/COFC terminals
422	Other highway transportation expenses
442	Hotels and Restaurants

<u>Account Number</u>	<u>Description</u>
443	Grain Elevators
445	Producing Power Sold
446	Other Miscellaneous Operations
455	Insurance
532	Railway Tax Accruals (taxes on terminals)
536	Hire of Freight Cars; Debit balance
539	Rent for Floating Equipment
540	Rent for Work Equipment
551	Miscellaneous Income Charges

Group VIII Accounts

All revenues includable on an accrual basis shall be credited to the following designated NRPC Intercity Rail Passenger Service accounts.

<u>Account Number</u>	<u>Description</u>
102	Passenger
103	Baggage
104	Sleeping Car
105	Parlor and Chair Car
106	Mail
107	Express
108	Other Passenger-train
109	Milk
110	Switching
131	Dining and Buffet
133	Station, Train, and Boat Privileges
142	Rents of Buildings and Other Property
143	Miscellaneous
151	Joint Facility - Cr.
504	Rent from Locomotives
505	Rent from Passenger-Train cars
507	Rent from Work Equipment

Group IX Accounts

Revenues and other income includable in the following accounts will not be included in NRPC revenues.

<u>Account Number</u>	<u>Description</u>
101	Freight
113	Water Transfers
132	Hotel and Restaurant
135	Storage; Freight
137	Demurrage
138	Communication
139	Grain Elevator
141	Power
502	Revenues from Miscellaneous Operations
503	Hire of Freight Cars; Credit Balance
506	Rent from Floating Equipment
509	Income from Lease of Road and Equipment
510	Miscellaneous Rent Income
511	Income from Nonoperating Property
512	Separately operated Properties; Profit
513	Dividend Income
514	Interest Income
516	Income from Sinking and Other Reserve Funds
517	Release of Premiums on Funded Debt
518	Contributions from Other Companies
519	Miscellaneous Income
534	Expenses of Miscellaneous Operations
535	Taxes on Miscellaneous Operating Property
543	Miscellaneous Rents
544	Miscellaneous Tax Accruals
545	Separately Operated Properties; Loss
549	Maintenance of Investment Organization
550	Income Transferred to Other Companies

Group X Accounts

NRPC joint facility credit accounts shall be credited with that proportion of the cost reimbursements receivable by Railroad in the same ratio as the amount included in an account charged by Railroad to

NRPC bears to the total amount in that account forming the basis for the joint facility credit. NRPC joint facility debit account number 152 shall be charged with amounts distributed to others in the same ratio as the revenue included in an account credited to NRPC by Railroad bears to the total amount in that account forming the basis for the joint facility debit.

<u>Account Number</u>	<u>Description</u>
152	Joint Facility - Dr.
279	Maintaining Joint Tracks, Yards, and Other Facilities - Cr.
337	Joint Maintenance of Equipment Expenses - Cr.
391	Operating Joint Yards and Terminals - Cr.
413	Operating Joint Tracks and Facilities - Cr.
448	Operating Joint Miscellaneous Facilities - Cr.
462	General Joint Facilities - Cr.
508	Joint Facility Rent Income

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APPENDIX B

The trains to be operated, and the schedules, frequencies and station stops of such trains, are listed in Table B - 1 attached. All stops are listed; times are shown only for key cities. All times shown are departure times except for end point cities, unless otherwise noted.

Train consists are listed in Table B - 2 attached.

Schedules and consists are subject to adjustment as may be agreed between Railroad's NRPC Operations Officer and an authorized official of NRPC.

NO INITIAL SERVICE

APPENDIX C-1

The scope and purpose of this Appendix are to provide, pursuant to section 405 of the Act, for fair and equitable arrangements to protect the interests of employees of Railroad affected by discontinuances of Intercity Rail Passenger Service subject to section 405 of the Act; therefore, fluctuations and changes in volume or character of employment brought about by other causes are not within the purview of this Appendix.

ARTICLE I

1. DEFINITIONS - The definitions in Article 1 of the Agreement and in the Act apply in this Appendix and in the event of conflict in definitions, those in the Act shall be controlling. In addition, whenever used in this Appendix, unless its context requires otherwise:

(a) "Transaction" means a discontinuance of Intercity Rail Passenger Service pursuant to the provisions of the Act.

(b) "Displaced employee" means an employee of Railroad who, as a result of a transaction is placed in a worse position with respect to his compensation and rules governing his working conditions.

(c) "Dismissed employee" means an employee of Railroad who, as a result of a transaction is deprived of employment with Railroad because of the abolition of his position or the loss thereof as the result of the exercise of seniority rights by an employee whose position is abolished as a result of a transaction.

(d) "Protective period" means that period of time during which a displaced or dismissed employee is to be provided protection hereunder and extends from the date on which an employee is displaced or dismissed to the expiration of 6 years therefrom, provided, however, that the protective period for any particular employee shall not continue for a longer period following the date he was displaced or dismissed than the period during which such employee was in the employ of Railroad prior to the date of his displacement or his dismissal. For purposes of this Appendix, an employee's length of service shall be determined in accordance with the provisions of section 7(b) of the Washington Job Protection Agreement of May, 1936.

2. The rates of pay, rules, working conditions and all collective bargaining and other rights, privileges and benefits (including continuation of pension rights and benefits) of Railroad's employees under applicable laws and/or existing collective bargaining agreements or otherwise shall be preserved

unless changed by future collective bargaining agreements or applicable statutes.

3. Nothing in this Appendix shall be construed as depriving any employee of any rights or benefits or eliminating any obligations which such employee may have under any existing job security or other protective conditions or arrangements; provided, that there shall be no duplication or pyramiding of benefits to any employees, and, provided further, that the benefits under this Appendix, or any other arrangement, shall be construed to include the conditions, responsibilities and obligations accompanying such benefits.

4. When Railroad contemplates a transaction after May 1, 1971, it shall give at least twenty (20) days written notice of such intended transaction by posting a notice on bulletin boards convenient to the interested employees of Railroad (including terminal companies and other enterprises covered by Article III of this Appendix) and by sending registered mail notice to the representatives of such interested employees; if Railroad contemplates a transaction on May 1, 1971, it shall give the notice as soon as possible after the signing of this Agreement, prior to May 1, 1971. Such notice shall contain a full and adequate statement of the proposed changes to be effected by such transaction, including an estimate of

the number of employees of each class affected by the intended changes.

At the request of either Railroad or representatives of such interested employees, negotiations for the purpose of reaching agreement with respect to application of the terms and conditions of this Appendix shall commence immediately and continue for not more than twenty (20) days from the date of notice. Each transaction which will result in a dismissal or displacement of employees or rearrangement of forces, shall provide for the selection of forces from all employees involved on basis accepted as appropriate for application in the particular case and any assignment of employees made necessary by the transaction shall be made on the basis of an agreement or decision under this section 4. If at the end of the twenty (20) day period there is a failure to agree, the negotiations shall terminate and either party to the dispute may submit it for adjustment in accordance with the following procedures:

(a) Within five (5) days from the termination of negotiations, the parties shall select a neutral referee and in the event they are unable to agree within said five (5) days upon the selection of said referee, then the National Mediation Board shall immediately appoint a referee.

(b) No later than twenty (20) days after a referee has been designated a hearing on the dispute shall commence.

(c) The decision of the referee shall be final, binding, and conclusive and shall be rendered within thirty (30) days from the commencement of the hearing of the dispute.

(d) The salary and expenses of the referee shall be borne equally by the parties to the proceeding; all other expenses shall be paid by the party incurring them.

Notwithstanding any of the foregoing provisions of this section, at the completion of the twenty (20) day notice period or on May 1, 1971, as the case may be, Railroad may proceed with the transaction, provided that all employees affected (displaced, dismissed, rearranged, etc.) shall be provided with all of the rights and benefits of this Appendix from the time they are affected through to expiration of the seventy-fifth (75th) day following the date of notice of the intended transaction. This protection shall be in addition to the protection period defined in Article I, Paragraph (d). If the above proceeding results in displacement, dismissal, rearrangement, etc. other than as provided by Railroad at the time of the transaction pending the outcome of such proceedings, all employees affected by the transaction during the pendency of such proceedings shall be made whole.

5. DISPLACEMENT ALLOWANCES - (a) So long after a displaced employee's displacement as he is unable, in the normal exercise of his seniority rights under existing agreements, rules and practices, to obtain a position producing compensation equal to or exceeding the compensation he received in the position from which he was displaced, he shall, during his protective period, be paid a monthly displacement allowance equal to the difference between the monthly compensation received by him in the position in which he is retained and the average monthly compensation received by him in the position from which he was displaced.

Each displaced employee's displacement allowance shall be determined by dividing separately by 12 the total compensation received by the employee and the total time for which he was paid during the last 12 months in which he performed services immediately preceding the date of his displacement as a result of the transaction (thereby producing average monthly compensation and average monthly time paid for in the test period). Both the above "total compensation" and the "total time for which he was paid" shall be adjusted to reflect the reduction on an annual basis, if any, which would have occurred during the specified twelve month period had Public Law 91-169, amending the Hours of Service Act of 1907,

been in effect throughout such period (i.e., 14 hours limit for any allowance paid during the period between December 26, 1970 and December 25, 1972 and 12 hours limit for any allowances paid thereafter); provided further, that such allowance shall also be adjusted to reflect subsequent general wage increases.

If a displaced employee's compensation in his retained position in any month is less in any month in which he performs work than the aforesaid average compensation (adjusted to reflect subsequent general wage increases) to which he would have been entitled, he shall be paid the difference, less compensation for time lost on account of his voluntary absences to the extent that he is not available for service equivalent to his average monthly time during the test period but if in his retained position he works in any month in excess of the aforesaid average monthly time paid for during the test period he shall be additionally compensated for such excess time at the rate of pay of the retained position.

(b) If a displaced employee fails to exercise his seniority rights to secure another position available to him which does not require a change in his place of residence, to which he is entitled under the working agreement and which carries a rate of pay and compensation exceeding those of the

position which he elects to retain, he shall thereafter be treated for the purposes of this section as occupying the position he elects to decline.

(c) The displacement allowance shall cease prior to the expiration of the protective period in the event of the displaced employee's resignation, death, retirement or dismissal for justifiable cause.

6. DISMISSAL ALLOWANCES - (a) A dismissed employee shall be paid a monthly dismissal allowance, from the date he is deprived of employment and continuing during his protective period, equivalent to one-twelfth of the compensation received by him in the last 12 months of his employment in which he earned compensation prior to the date he is first deprived of employment as a result of the transaction. Such allowance shall be adjusted to reflect on an annual basis the reduction, if any, which would have occurred during the specified twelve month period had Public Law 91-169, amending Hours of Service Act of 1907 been in effect throughout such period (i.e., 14 hours limit for any allowance paid during the period between December 26, 1970 and December 25, 1972 and 12 hours limit for any allowances paid thereafter); provided further that such allowance shall also be adjusted to reflect subsequent general wage increases.

(b) The dismissal allowance of any dismissed employee who returns to service with Railroad shall cease while he is so reemployed. During the time of such reemployment, he shall be entitled to protection in accordance with the provisions of Section 5.

(c) The dismissal allowance of any dismissed employee who is otherwise employed shall be reduced to the extent that his combined monthly earnings in such other employment, any benefits received under any unemployment insurance law, and his dismissal allowance exceed the amount upon which his dismissal allowance is based. Such employee, or his representative, and Railroad shall agree upon a procedure by which Railroad shall be currently informed of the earnings of such employee in employment other than with Railroad, and the benefits received.

(d) The dismissal allowance shall cease prior to the expiration of the protective period in the event of the employee's resignation, death, retirement, dismissal for justifiable cause under existing agreements, failure to return to service after being notified in accordance with the working agreement, or failure without good cause to accept a comparable position which does not require a change in his place of residence for which he is qualified and eligible with the Railroad from which he was dismissed after being notified, or

with the National Railroad Passenger Corporation after appropriate notification, if his return does not infringe upon employment rights of other employees under a working agreement.

7. SEPARATION ALLOWANCE - A dismissed employee entitled to protection under this Appendix, may, at his option within 7 days of his dismissal, resign and (in lieu of all other benefits and protections provided in this Appendix) accept a lump sum payment computed in accordance with Section 9 of the Washington Job Protection Agreement of May, 1936.

8. FRINGE BENEFITS - No employee of Railroad who is affected by a transaction shall be deprived during his protective period of benefits attached to his previous employment, such as free transportation, hospitalization, pensions, relief, et cetera, under the same conditions and so long as such benefits continue to be accorded to other employees of Railroad, in active service or on furlough as the case may be, to the extent that such benefits can be so maintained under present authority of law or corporate action or through future authorization which may be obtained.

9. MOVING EXPENSES - Any employee retained in the service of Railroad or who is later restored to service after

being entitled to receive a dismissal allowance, and who is required to change the point of his employment as a result of the transaction, and who within his protective period is required to move his place of residence, shall be reimbursed for all expenses of moving his household and other personal effects, for the traveling expenses of himself and members of his family, including living expenses for himself and his family and for his own actual wage loss, not to exceed three working days, the exact extent of the responsibility of Railroad during the time necessary for such transfer and for a reasonable time thereafter and the ways and means of transportation to be agreed upon in advance by Railroad and the affected employee or his representatives; provided, however, that changes in place of residence which are not a result of the transaction, which are made subsequent to the initial change or which grow out of the normal exercise of seniority rights, shall not be considered to be within the purview of this Section; provided further, that the Railroad shall, to the same extent provided above, assume the expenses, etc. for any employee furloughed within three (3) years after changing his point of employment as a result of a transaction, who elects to move his place of residence back to his original point of employment. No claim for reimbursement shall be paid under

the provisions of this Section unless such claim is presented to Railroad within 90 days after the date on which the expenses were incurred.

10. Should Railroad rearrange or adjust its forces in anticipation of a transaction with the purpose or effect of depriving an employee of benefits to which he otherwise would have become entitled under this Appendix, this Appendix will apply to such employee.

11. ARBITRATION OF DISPUTES -- (a) In the event

Railroad and its employees or their authorized representatives cannot settle any dispute or controversy with respect to the interpretation, application or enforcement of any provision of this Appendix, except Sections 4 and 12 of this Article I, within 20 days after the dispute arises, it may be referred by either party to an arbitration committee. Upon notice in writing served by one party on the other of intent by that party to refer a dispute or controversy to an arbitration committee, each party shall, within 10 days, select one member of the committee and the members thus chosen shall select a neutral member who shall serve as chairman. If any party fails to select its member of the arbitration committee within the prescribed time limit, the general chairman of the involved Labor Organization or the highest officer designated by Railroad, as the case may be, shall be deemed the selected member, and the committee shall then function and its decision shall have the same force and effect as though all parties had selected their members. Should the members be unable to agree upon the appointment of the neutral member within 10 days, the parties shall then within an additional 10 days endeavor to agree to a method by which a neutral member shall be appointed and, failing such agreement, either party may request the National

Mediation Board to designate within 10 days the neutral member whose designation will be binding upon the parties.

(b) In the event a dispute involves more than one Labor Organization, each will be entitled to a representative on the arbitration committee, in which event Railroad will be entitled to appoint additional representatives so as to equal the number of Labor Organization representatives.

(c) The decision, by majority vote, of the arbitration committee shall be final, binding, and conclusive and shall be rendered within 45 days after the hearing of the dispute or controversy has been concluded and the record closed.

(d) The salaries and expenses of the neutral member shall be borne equally by the parties to the proceeding and all other expenses shall be paid by the party incurring them.

(e) In the event of any dispute as to whether or not a particular employee was affected by a transaction, it shall be his obligation to identify the transaction and specify the pertinent facts of that transaction relied upon. It shall then be the Railroad's burden to prove that factors other than a transaction affected the employee.

12. LOSSES FROM HOME REMOVAL -- (a) The following conditions shall apply to the extent they are applicable in each instance to any employee who is retained in the service of Railroad (or who is later restored to service after being

entitled to receive a dismissal allowance) who is required to change the point of his employment within his protective period as a result of the transaction and is therefore required to move his place of residence:

(i) If the employee owns his own home in the locality from which he is required to move, he shall at his option be reimbursed by Railroad for any loss suffered in the sale of his home for less than its fair value. In each case the fair value of the home in question shall be determined as of a date sufficiently prior to the date of the transaction so as to be unaffected thereby. Railroad shall in each instance be afforded an opportunity to purchase the home at such fair value before it is sold by the employee to any other person.

(ii) If the employee is under a contract to purchase his home, Railroad shall protect him against loss to the extent of the fair value of any equity he may have in the home and in addition shall relieve him from any further obligation under his contract.

(iii) If the employee holds an unexpired lease of a dwelling occupied by him as his home, Railroad shall protect him from all loss and cost in securing the cancellation of said lease.

(b) Changes in place of residence which are made subsequent to the initial changes caused by the transaction

and which grow out of the normal exercise of seniority rights, shall not be considered to be within the purview of this Section.

(c) No claim for loss shall be paid under the provisions of this Section unless such claim is presented to Railroad within 1 year after the date the employee is required to move.

(d) Should a controversy arise in respect to the value of the home, the loss sustained in its sale, the loss under a contract for purchase, loss and cost in securing termination of a lease, or any other question in connection with these matters, it shall be decided through joint conference between the employees, or their representatives, and Railroad. In the event they are unable to agree, the dispute or controversy may be referred by either party to a board of competent real estate appraisers, selected in the following manner: One to be selected by the representatives of the employees and one by Railroad, and these two, if unable to agree within 30 days upon a valuation, shall endeavor by agreement within 10 days thereafter to select a third appraiser, or to agree to a method by which a third appraiser shall be selected, and, failing such agreement, either party may request the National Mediation Board to designate within 10 days a third appraiser whose designation will be binding upon the parties. A decision of a majority of the appraisers

shall be required and said decision shall be final and conclusive. The salary and expenses of the third or neutral appraiser, including the expenses of the appraisal board, shall be borne equally by the parties to the proceedings. All other expenses shall be paid by the party incurring them, including the compensation of the appraiser selected by such party.

ARTICLE II

1. Any employee who is terminated or furloughed as a result of a transaction shall, if he so requests, be granted priority of employment or reemployment to fill a position comparable to that which he held when terminated or furloughed, even though in a different craft or class, on Railroad which he is, or by training or retraining physically and mentally can become, qualified, not however, in contravention of collective bargaining agreements relating thereto.

2. In the event such training or retraining is requested by such employee, Railroad shall provide for such training or retraining at no cost to the employee.

3. If such a terminated or furloughed employee who has made a request under sections 1 or 2 of this Article II fails without good cause within 10 calendar days to accept an

offer of a position comparable to that which he held when terminated or furloughed for which he is qualified, or for which he has satisfactorily completed such training, he shall, effective at the expiration of such 10-day period, forfeit all rights and benefits under this Appendix.

ARTICLE III

Subject to this Appendix, as if employees of Railroad, shall be employees, if affected by a transaction, of separately incorporated terminal companies which are owned (in whole or in part) or used by Railroad and employees of any other enterprise within the definition of common carrier by railroad in Section 1(3) of Part I of the Interstate Commerce Act, as amended, in which Railroad has an interest, to which Railroad provides facilities, or with which Railroad contracts for use of facilities, or the facilities of which Railroad otherwise uses; except that the provisions of this Appendix shall be suspended with respect to each such employee until and unless he applies for employment with each owning carrier and each using carrier and to the National Railroad Passenger Corporation; provided that said carriers and the National Railroad Passenger Corporation shall establish one convenient central location for each terminal or other enterprise for receipt of one such application which will be effective as to all said carriers and the Corporation and Railroad shall

notify such employees of this requirement and of the location for receipt of the application. Such employees shall not be entitled to any of the benefits of this Appendix in the case of failure, without good cause, to accept comparable employment, which does not require a change in place of residence, under the same conditions as apply to other employees under this Appendix, with the National Railroad Passenger Corporation or any carrier for which application for employment has been made in accordance with this section.

ARTICLE IV

Employees of Railroad who are not represented by a Labor Organization shall be afforded substantially the same levels of protection as are afforded to members of Labor Organizations under these terms and conditions.

In the event any dispute or controversy arises between Railroad and an employee not represented by a Labor Organization with respect to the interpretation, application or enforcement of any provision hereof which cannot be settled by the parties within 30 days after the dispute arises, either party may refer the dispute to the Secretary of Labor for determination. The determination of the Secretary of Labor, or his designated representative, shall be final and binding on the parties.

ARTICLE V

1. It is the intent of this Appendix to provide employee protections which meet the requirements of Section 405 of the Act and are not less than the benefits established pursuant to Section 5(2)(f) of the Interstate Commerce Act. In so doing, changes in wording and organization from arrangements earlier developed under Section 5(2)(f) have been necessary to make such benefits applicable to contemplated discontinuances of intercity rail passenger service affecting a great number of railroads throughout the nation. In making such changes it is not the intent of this Appendix to diminish such benefits. Thus, the terms of this Appendix are to be resolved in favor of this intent to provide employee protections and benefits no less than those established pursuant to Section 5(2)(f) of the Interstate Commerce Act.

2. In the event any provision of this Appendix is held to be invalid or otherwise unenforceable under applicable law, the remaining provisions of this Appendix shall not be affected, and such provision shall be renegotiated and resubmitted to the Secretary of Labor for certification pursuant to Section 405 of the Act.

THE
NATIONAL RAILROAD PASSENGER CORPORATION
AGREEMENT
APPENDIX C-2

NRPC, having at the date of this Agreement no employees whose interests could be affected by discontinuance of Intercity Rail Passenger Service, undertakes, after commencement of operations in the basic system, to provide fair and equitable arrangements to protect the interests of its employees affected by such discontinuance as required by Section 405 of the Act and subject to the required certification by the Secretary of Labor.

(Whereupon, at 1 p.m., the subcommittee was recessed.)

INTERNATIONAL JOURNAL OF MATHEMATICS

1970

1970

The International Journal of Mathematics is a quarterly publication of the International Mathematical Union. It is devoted to the publication of original research papers in all areas of mathematics. The journal is published in English and is indexed and abstracted in many languages. The International Mathematical Union is an organization of mathematicians from all over the world, and its purpose is to promote international cooperation in mathematics. The journal is one of the most important publications in the field of mathematics.

1970

ADDITIONAL ARTICLES, LETTERS, AND STATEMENTS

There has been placed in the committee files a copy of a petition containing over 1,300 signatures. The petition reads as follows:

"We the undersigned request that the operation of the Nancy Hanks train of the Central of Georgia Railway not be discontinued."

U.S. SENATE,
Washington, D.C., April 28, 1971.

HON. WARREN MAGNUSON,
Chairman, Senate Commerce Committee,
Washington, D.C.

MY DEAR MR. CHAIRMAN: I am writing in connection with hearings which a subcommittee of your committee is holding on Wednesday and Friday of this week in regard to rail passenger service.

A group of state legislators and representatives of railroad employees in Nebraska has contacted me on this subject.

They feel that the effective date of Railpax (Amtrak) should be postponed to allow further study and consideration from the standpoint of the possible effect on the Nation's economy of the loss of jobs due to the reduction in service.

I am enclosing for the subcommittee's information and inclusion in the record a copy of a telegram which they sent me.

Joining Mr. Martin Jensen, Legislative Chairman of the Brotherhood of Railroad and Airline Employees, Omaha, Nebraska, in expressing this position are State Senator Orval Keyes, Papillion, Nebraska, State Senators John Savage and Eugene T. Mahoney, Omaha, Nebraska, State Senator Ellen Craft of North Platte, Nebraska, State Senator Don Elrod, Grand Island, Nebraska, Art Lindberg, Ray Hovendick, Merrill Lindamood, John Church, Carl Peterson and Harry Kerns, Omaha, Nebraska, Charles Gove, Denton, Nebraska and Irwin Matukla of Valparaiso, Nebraska.

Sincerely yours,

CARL T. CURTIS,
U.S. Senator.

OMAHA, NEBR., April 26, 1971.

Senator CARL T. CURTIS,
Washington, D.C.:

Regarding your telegram April 23, we feel the intent of the Railpax bill is not being fulfilled in as much as it was designed to preserve and upgrade rail passenger service not reduce it to one half of its size we feel that the economy of the nation will suffer from the loss of jobs due to this reduction of service we therefore feel the effective date of Railpax renamed Amtrak should be postponed to allow further study and consideration.

Thank you.

MARTIN JENSEN,
Legislative Chairman B.R.A.C. and others.

STATEMENT OF HON. ALAN CRANSTON, U.S. SENATOR FROM CALIFORNIA

Mr. Chairman, I very much appreciate this opportunity to present my views on Railpax. The serious decline in the quality and frequency of present rail passenger service, combined with the critical congestion and pollution problems generated by other forms of mass transportation, require us to give our immediate attention to the plight of the rail transportation industry today.

It is my sincere hope that the Railpax system will mark the first step in the rejuvenation of the railroads as a safe, convenient means of mass transportation. I believe that we must make every effort to see that Railpax will provide both adequate service to the traveling public while pointing the way toward a permanent solution to the nation's many transportation problems.

For this reason, I intend to support legislation which would postpone for six months the effective date of the implementation of the Railpax system. When Transportation Secretary John Volpe released the initial Railpax proposal on November 30, 1970, no provision had been made for a San Diego-Seattle Rail passenger route in the plan. I joined with the five other West Coast Senators in an effort to persuade Secretary Volpe to include this route in the final Railpax system.

I would like to submit the text of this letter at this time.

Dear Mr. Secretary: This will reflect the grave concern we share in the omission of a West Coast, north-south rail passenger route in the announced plans of the National Rail Passenger network.

While we are pleased by the attention to passenger service in general, we believe that a passenger route between Seattle and San Diego should be included in the passenger system.

The 1970 census shows the Pacific slope states to be the fastest growing area of the country. The following statistics will show that the growth of the West Coast is far higher than the national average of 15.1%:

Metro area	1970 population	60 to 70- percent gain
Los Angeles, Long Branch, San Bernardino, Riverside.....	8,096,144	27.05
Anaheim, Santa Ana.....	1,409,335	100.20
Bakersfield.....	325,090	11.30
Fresno.....	407,048	11.20
San Francisco, Oakland.....	3,069,797	15.90
Eugene, Salem.....	395,213	27.10
Portland.....	992,593	20.80
Seattle, Tacoma.....	1,809,670	26.40
Total.....	16,504,890	

Projections are for continued rapid growth in the area. Adequate passenger rail service needs to be provided along this corridor.

Perhaps a meeting between the appropriate staff members of your office and ours preceding our meeting might prove beneficial.

In addition, members of my staff met at the Department of Transportation on January 7, 1971, with Carl Lyons, the Acting Director of the Federal Railroad Administration. At that meeting we strongly urged that the Seattle-San Diego route be included in the final plan. On January 28 Secretary Volpe announced that the San Diego-Seattle link had been added to the plan.

I was concerned, however, with another omission in the January 28th announcement. At the January 7th meeting with Carl Lyons my staff had strongly urged that two routes between San Francisco and Los Angeles be included in Railpax: one going along the coast and the other through the San Joaquin Valley.

Subsequently, I explained why I felt it imperative that both routes be included in a letter to Mr. David W. Kendall, board Chairman of the National Railroad Passenger Corporation.

Following is the text of my letter to Mr. Kendall:

"On January 28, 1971, Secretary John Volpe announced that he was amending his original Railpax proposal by adding several more routes including the North-South corridor on the Pacific Coast. This addition, which would link the West Coast cities from Seattle to San Diego with fast, efficient rail service, can be a significant step toward alleviating a major transportation problem which is becoming increasingly serious, economically and environmentally.

"Secretary Volpe's amended proposal suggests two routes connecting San Francisco and Los Angeles. One of these routes follows the California coastline. The other route runs through the San Joaquin Valley. Since the Railpax plan has yet to be finalized, it is unclear which route will be chosen.

"I strongly urge you to retain both routes in the final plan. The coastal route, which is 98 miles shorter than the Valley route, would provide the fastest link between Los Angeles and San Francisco. Under present operating schedules, this

route is faster than the Valley route by $2\frac{1}{2}$ hours. Moreover, the coastline between San Francisco and Los Angeles provides some of the most beautiful scenery in our nation. This is an important consideration in view of the large percentage of tourist traffic such a route would generate.

"On the other hand, the San Joaquin Valley desperately needs a system of high speed ground transportation. This area, which contains several large cities, has a combined population of more than one and a half million people. It is the richest agribusiness region in the country. The counties of Contra Costa, Fresno, Kern, Kings, Madera, Merced Stanislaus and Tulare produced a combined gross farm income of \$1.78 billion in 1969.

"At present the only alternative to the highway for the average Valley resident traveling to Los Angeles or San Francisco is the airplane, which is costly, objectionable to some, and adds to the congested airport problems in the metropolitan terminals.

"Furthermore, the Valley route provides access to the magnificent Sierra Nevada, with their three national parks—Yosemite, Sequoia, and Kings Canyon. Since the private automobile poses a growing threat to our parks (cars are now banned on about half the roads on the Yosemite Valley floor), it is quite appropriate that our federal policy should be to encourage and promote the utilization of public transportation systems by the millions who annually visit these parks. In 1970, $4\frac{1}{4}$ million people visited the 3 parks.

"A high-speed ground transportation system through the San Joaquin Valley will meet local needs as well as serve the national interest.

"I am convinced that all of these considerations make it imperative that both the coastal and Valley routes be included in the final Railpax plan. I sincerely hope that both routes will be included."

I was very disappointed that both routes were not retained in the final plan. I would now like to submit for the record a statement I made at the time of that announcement:

The announcement today by Chairman David W. Kendall, of the National Railroad Passenger Corporation, of the California routes is quite disappointing in that the incorporators have chosen not to adopt both the coastal and the valley routes between San Francisco and Los Angeles.

I fully agree that the coastal route is totally justified for inclusion. It is two hours faster, and thus the shortest route between the two terminal cities, Los Angeles and San Francisco. Further it is a notably scenic route.

But the area between these two terminals I believe justifies two alternative routes. Between the Southern California mountain ranges and the San Francisco Bay area, the coastal route services only one city with a population in excess of 50,000—Salinas, pop. 58,896. The valley route between the southern mountains and the Bay area serves four cities above 50,000: Bakersfield (69,515), Fresno (165,972), Modesto (61,712), and Stockton (107,644). In addition, the valley serves as the gateway to the Sierras—and its three national parks which are annually visited by $4\frac{1}{4}$ million people. While present passenger trains are hardly attractive to tourist business, an improved and modern rail service would be quite attractive to the ever-increasing stream of visitors to the grandeur of the Sierras.

I note that today's announcement includes two alternate routes between Richmond, Virginia, and Savannah, Georgia. One follows the Atlantic coast. The other inland route serves two cities of any size: Columbia, South Carolina (113,542) and Raleigh, North Carolina (121,577). I do not criticize the inclusion of both alternative routes through the Carolinas. But I feel that the designation of these alternatives is ample precedent for the operation of the two alternate routes through the center of the Nation's largest state.

Congressman B. F. Sisk, (D-Calif.) has suggested that the Valley cities which have been deprived of passenger service should investigate contracting with the Railpax Corporation for additional passenger service under Sec. 403(B) of the Railpax Act. I join Congressman Sisk in this suggestion, while at the same time pointing out that this is a decidedly less satisfying solution to what should have been Railpax's decision.

Since the announcement of the final Railpax route system of March 24, many of my colleagues and constituents have expressed their real concern that the proposed implementation of Railpax would mean a crippling of rail passenger service so drastic as to make the ultimate cessation of rail passenger service inevitable. I have also received several letters and telegrams from railroad em-

ployees expressing genuine alarm at the inadequacy of the employees' provisions under Railpax. These are men whose very livelihoods are at stake; their pleas cannot and must not be ignored. I am concerned that the very serious questions raised by the railroad employees be resolved through fair negotiations and that the protection of their rights—provided for in section 405 of the Railpax legislation—be a major consideration in the final plan.

I supported the legislation establishing Railpax. Nevertheless, I believe that we must look long and hard at what we have created, while we have the opportunity. We must be very sure that Railpax will successfully meet the needs of the travelling public while significantly reducing the congestion on our highways and in the air. The railroads can and should play a significant role in the future of mass transportation in this country, and we must do all we can to see that they are given the chance to do so.

STATEMENT OF LOUIS J. LEFKOWITZ, ATTORNEY GENERAL, NEW YORK STATE

The announced framework of routes to be operated by Amtrak exclude several heavily-traveled and important lines linking New York State with its neighboring states and Canada. It is unthinkable to establish a "national" network of passenger train operations while omitting the existing service between New York City and Montreal, between Boston and Albany, and between Buffalo and Cleveland, Detroit and Chicago.

No framework of essential intercity passenger service can be regarded as complete, or even adequate, without provision for the maintenance of the vital international rail connection provided by the present New York-Montreal service, heavily used by business, vacationing and other travelers and constituting by far the most important international rail connection between the United States and Canada. The two daily trains presently operated in each direction generate approximately 80,000 passengers per year,* and this average figure does not reflect the much higher use of these trains during peak periods such as the Christmas-New Year season.

Since patronage on these trains consists of Canadians visiting the United States as well as Americans visiting Canada, consideration should be given to the adverse effect on the balance of payments which would result from the discouraging of travel to the United States by Canadians and other foreign tourists coming to the United States from Quebec. The New York-Montreal trains which are involved are the last remaining passenger trains entering the United States from Eastern Canada. It should be emphasized that the severe winter and heavy snowfall annually experienced by northern New York State makes the need for passenger train service peculiarly acute. No other means of transportation is available with the dependability of passenger trains in extreme cold or heavy snowfalls which frequently make highways impassable and close airports during the winter months in New York State north of Albany. Thus, in contrast to areas enjoying a warmer climate, discontinuance of these trains would work an extraordinary hardship on persons traveling to and from north New York State and Montreal.

Moreover, since both New York City and Montreal suffer from serious highway traffic and airport congestion, the real cost of continuing rail passenger service between these two metropolitan centers should be weighed against the ultimate expense of further highway and airport construction and the serious land-use and environmental problems posed by any additional road or airport construction in or near these huge cities. This is particularly so since train service between New York and Albany is to be maintained in any event.

Similarly, the impending abandonment of the present service between Boston, Springfield and Albany would make it impossible to travel directly by rail between New England and any of the other upstate new cities. The effect of amputating the Boston-Albany trains and the service west of Buffalo to Cleveland, Detroit and Chicago, leaves all of the major cities of Upstate New York (Albany, Utica, Syracuse, Rochester and Buffalo) without any rail passenger connections, save to New York City. These cities, and their Metropolitan areas, comprising several million people, will be left isolated by the discontinuance of these trains—

*Data supplied by New York State Department of Transportation.

an isolation heightened by the severe winters and disproportionately heavy snowfall inflicted on Upstate and particularly western New York.

In no other part of the country will Amtrak's proposals as sharply reduce existing and heavily-patronized rail passenger service as in New York and its neighboring states. Virtually all of the large metropolitan areas to be stripped of passenger service are the ones which have been historically, and are presently, linked by service across New York State—Cleveland, Toledo, Worcester, as well as the only rail link between the United States and Montreal.

If Amtrak is to be successful in its operation and improvement of passenger trains in this country, and if the public is to be served by dependable all-weather transportation and the spiraling costs of highway and airport construction slowed, then the existing service connecting the Empire State with its neighbors must be continued and if possible improved.

Thank you for permitting me to present my views on this important subject to this Honorable Committee.

STATEMENT OF RAY R. MCKINLEY, DIRECTOR OF TRANSPORTATION, KANSAS CORPORATION COMMISSION

Mr. Chairman, Members of the Committee, my name is Ray R. McKinley and I am Director of Transportation for the Kansas Corporation Commission.

I am appearing here today on behalf of Governor Robert Docking and the Kansas Corporation Commission (Dale E. Saffels, Chairman; Jules V. Doty, Commissioner; and Vernon A. Stroberg, Commissioner).

We appreciate the opportunity to appear and testify before the Senate Commerce Committee in support of Senate Resolutions introduced by Senator Robert A. Taft (Ohio) and Senator James Pearson (Kansas) for additional routes facing abandonment under Amtrak.

The Kansas Corporation Commission of the State of Kansas, as the railroad regulatory agency for the State of Kansas, and the Governor of Kansas, are pleased to support and endorse resolutions authorizing a further appropriation of \$250 million to continue the Union Pacific Portland Rose passenger train between Kansas City, Missouri; Lawrence, Topeka, Manhattan, Fort Riley, Junction City, Abilene, Salina, Russell, and Hays, Kansas; Limon, Colorado; Denver, Colorado; Cheyene and Granger, Wyoming; Pocatello and Boise, Idaho; Hinkle and Portland, Oregon; and other routes now facing abandonment under Amtrak.

On May 1, 1971, nationwide schedules of intercity passenger service under Amtrak will greatly curtail essential passenger service linking the Midwest, and the Pacific Coast and Pacific Northwest.

Daily service to this area presently given by two routes on the Union Pacific Railroad and one route, City of San Francisco, by the Atchison, Topeka and Santa Fe Railway, will be discontinued on May 1. There will be no available means for a person in the area between Topeka, Kansas, and Denver, Colorado, to travel by rail to San Francisco or to the Pacific Northwest.

Eight passenger trains operating daily through Topeka, the Capital of Kansas, each day, will be eliminated leaving only one train a day southbound to Houston, Texas, the Texas Chief, leaving Topeka at 2:25 a.m. and one northeast from Topeka to Chicago, leaving at 12:15 a.m. Four trains now operated by the Atchison, Topeka and Santa Fe Railway, the San Francisco Chief (Trains 1 and 2) between Chicago and San Francisco and Trains 23 and 24 between Chicago and Los Angeles through Topeka will be eliminated in their entirety, as well as Trains 211 and 212 between Kansas City and Tulsa. Four trains on the Union Pacific Railroad operating between Kansas City and Denver (Trains 117, 118, 9 and 10) will be eliminated.

While the railroads have been accused of downgrading service in a deliberate attempt to support elimination of passenger service, it would appear Amtrak will succeed in accomplishing this mission.

While we agree in principal with the purported intent of the Rail Passenger Service Act of 1970, we believe the Basic System service, as offered, has failed to respond to the most elementary needs of the general public. To solve the problems of transportation, we must preserve and improve the form of railroad service. We believe that Congress should mandate a moratorium on the discontinuance of passenger trains when entire sections of this country will be faced

without railroad passenger transportation on May 1, 1971. The railroad industry and Amtrak have decided that the elimination of a substantial part of passenger service is in their corporate interests. The passenger longhaul train service will disappear under their plan. Their entire concept is to compete with airlines on a shorthaul trip.

We are greatly concerned as to whether the 184 trains scheduled under Amtrak will adequately serve the national transportation needs. The progress and development of this country is dependent upon its transportation facilities. Transportation is a basic necessity to the modern world; its service is indispensable. Trains go into the center of most cities. Their propulsion systems pollute less than alternate modes of travel; they are not subject to congestion impediments and can operate in inclement weather when other modes cannot.

There is a wide-spread and thoroughly ingrained belief that passenger trains are needed not only for providing transportation for individuals, but also as a public asset for the development and growth of territories and communities served and as a major factor in our national defense.

When you restrict transcontinental service you are also discontinuing local service in that area where the service was provided.

Clearly, all level of government will face extremely heavy burdens in order to enlarge the present highway and air systems to accommodate public and private transportation for the future expansion of intercity travel to try to absorb the service discontinued under Amtrak. Therefore, it is imperative that a comprehensive review be initiated of the future contribution which a modernized rail passenger system could make before some vital services are abandoned.

The development of a rail system adequate for future needs of the nation cannot be attained simply by preserving a few trains; the service must be adequate.

The basic purpose of "The Rail Passenger Service Act of 1970" was to prevent the complete abandonment of intercity rail passenger service by preserving a minimum of such service along specific corridors and revitalizing rail passenger service in the expectation that the rendering of such service along certain corridors could be made a profitable commercial undertaking, particularly with new equipment or advanced vehicles.

While we generally praise the intent of the "Rail Passenger Service Act", we believe that the proposed service between the East and the Midwest, and between populous cities like Kansas City and Denver is grossly inadequate. We ask Congress to promptly enact legislation to correct these obvious deficiencies in its proposals for service to, from, and within Kansas and Colorado.

A good beginning toward the establishment of a national network would not necessitate service from Kansas City to Denver to go by way of Chicago or Galesburg, Illinois, through Omaha and Lincoln to Denver, a distance of over 1400 miles as is now indicated. A viable network would correct these serious omissions, particularly when a high density corridor such as between Kansas City and Denver is involved.

The present system is not encouraging public response to rail transportation. We are ignoring the public when we end all longhaul rail transportation in this nation. While it is said that these additional routes won't make money, there was no showing before the Sub-Committee on Interstate and Foreign Commerce on April 21 and 22, 1971, that any of the routes selected would make a profit. The Corporation should have foremost in their minds the improving of transportation in this nation, and we believe that if sufficient service and dependable, workable schedules with convenient interconnections are provided *from the beginning* that railroad passenger service can be rebuilt to the point where it can again proudly take its place as one of the major modes of transportation in America. The general public over the years has become so disenchanted with the downgraded rail passenger service that anything short of a full service direct route—particularly in an area of high population density which was supported by an existing route—is doomed to failure.

We firmly believe that Amtrak will eventually become more nearly self-supporting if additional routes are added, particularly in high density population areas, from the beginning so as to retain the present rail passenger riders as a nucleus. We all know a satisfied customer is the best kind of advertisement, while a disgruntled customer is the worst possible kind, and too many of the latter will jinx the system. We believe it far better to provide sufficient rail coverage to link major cities from the beginning, and then if ridership does not justify the maintaining of service on such routes, they could be curtailed.

We believe the intent of the Act is to provide transportation service to all the public, or at least to as much of the public as possible, and not to provide competition to existing modes which appears to be the case particularly in the Eastern segments of the System.

The 1971 Session of the Kansas Legislature by Senate Concurrent Resolution No. 61, provided for the establishment of a joint committee to study the effect of the newly created Amtrak system upon the State of Kansas and all railroads of the State of Kansas.

The Kansas Legislature requires the Committee to submit a written report which includes its findings and recommendations to the 1972 Legislature. This Committee will look at the ability of existing resources to meet anticipated needs and provide a basis for consideration of what changes in financing are necessary, to comply with Section 403(b), including a broad evaluation to determine the public need for service, the costs of maintaining the service and means for financing.

The State of Kansas, in cooperation with adjoining states, could establish a regional program and work with the National Corporation if such a state-regional effort were undertaken with proper funding. Until such information is available government policy cannot be adequately assessed.

Sufficient time should be given to determine whether, through high-quality service, adequate promotion, mail contracts and other measures, the operation is economically justified.

While a step has been taken by the Corporation to preserve and promote a viable nationwide passenger network, further routes should be added to contribute to its success.

For these reasons, the Governor of Kansas and the State Corporation Commission of Kansas endorse the proposal to delay implementation of Railpax in order that additional routes can be considered.

These comments are offered in a constructive manner.

We appreciate the opportunity of expressing our views.

STATEMENT OF WARREN PETERS, PRESIDENT, FOUR WINDS TRAVEL, INC.,
NEW YORK, N.Y.

Four Winds Travel, Inc., is one of the nation's largest rail tour operators in terms of passengers carried and the largest on the basis of miles traveled.

We operate more than 50 tours each season over five basic transcontinental routes. One route extends into Mexico and three go north of the border.

Since 1964, when our first rail tour operated, we have paid over \$5.5 million to the railroads for passenger service. We believe we are the country's largest single purchaser of rail tickets and accommodations.

Not counting the current year, we have spent over a quarter of a million dollars to advertise and promote vacation travel by train. This year's budget exceeds \$100,000.

We fully recognize the severe financial and time limitations under which the NRPC must operate. We are confident that the incorporators have a sincere interest in providing the best possible rail passenger service within these difficult limitations.

Our purpose in offering this background is to point out how deficiencies in the national system as presently constituted will impose a considerable hardship on Four Winds Travel and undoubtedly on other rail tour operators and, more importantly from your Committee's standpoint, how these deficiencies may well deny the NRPC a source of revenue important to its financial success, now and in the future.

Unfortunately, with the strict limitation on funds, the NRPC had to make some decisions that may save money in the short run but could mean a substantial loss of revenue in the long run.

If people can't get to where they want to go by train, they are going to look for other means of transportation. To be specific, let us take the case of the elimination of rail service through the Yellowstone Park area. We have a special interest in this route because two of our basic routes, involving 19 separate tours, traverse this line running between Chicago and Seattle.

If we can't offer service to Yellowstone—and we can't as the present system stands—some vacationers are going to turn away from the trains. If new travel patterns are established, this is business that may never be regained by the

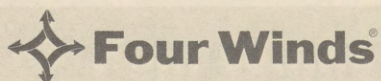
NRPC. We are told that at some future time this service may be reinstituted. But when that time comes, the patronage potential may not then be large enough to justify restoration.

Another point that is worth noting is that the National Park Service has expressed concern over growing automobile congestion and pollution from exhaust fumes in the park area. If vacationers are denied the opportunity of reaching Yellowstone by means of virtually pollution-free rail service, the problem that concerns the Park Service is certain to become more acute.

The NRPC has pledged itself to make a concerted effort to bring riders back to the trains through advertising and promotion. Four Winds stands ready to coordinate its own relatively substantial promotional efforts with those of the Corporation to achieve this objective.

We sincerely feel that it is not only in our interest, and that of others dependent upon Yellowstone travel trade, but it is also in the national interest to restore service through Yellowstone, at least on a tri-weekly basis.

We respectfully urge your Committee to do what it can to give this route a chance to prove itself when the national system goes into effect. We pledge ourselves to do our part.



Four Winds®

1971 — Spring • Summer • Fall

1972 — Winter

Escorted—All Inclusive from New York & Chicago

Luxury Resorts and Hotels

19 to 24 days from \$995

PRIVATE TRAIN TOURS

AMERICANA RAIL CRUISES

**California • The West • Western National Parks
Canadian Rockies • Mexico • Alaska**





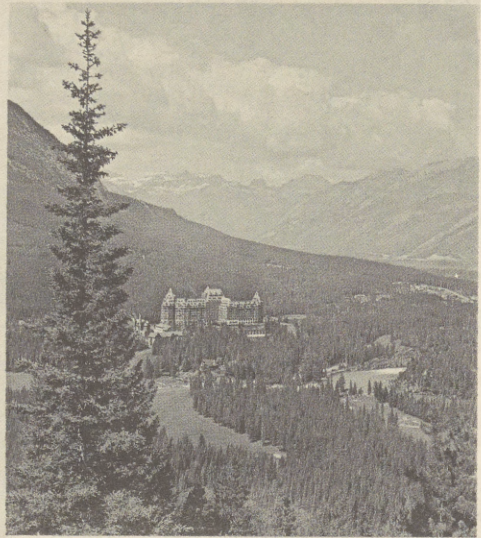
Meet Arizona's colorful Indians



Taxco will enchant you



San Francisco's Bay Bridge



Luxuriate in rustic elegance at the Banff Springs Hotel



See geysers at Yellowstone



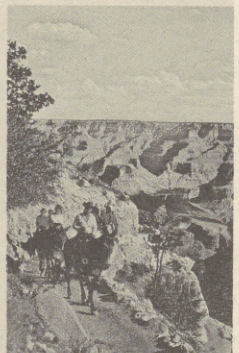
Acapulco's funland



Canada's most colorful citizens



Mexico City's busy Paseo de la Reforma



Nature's grandest ... Grand Canyon

Discover America on a Four Winds Private Train Tour

COME ABOARD. You're invited to take a Four Winds Private Train Tour around the U.S.A. and Mexico... to the Far West... to the magnificent Canadian Rockies. Travel up to 12,000 miles—North, South and West—and enjoy air conditioned sleeping car accommodations from coast to coast and even south of the border.

It's just like the great days of railroading. Four Winds' Private Train Tours feature comfortable sleeping car accommodations aboard America's famous "name" trains. Many feature dome cars for you to really see and enjoy the great American countryside. Once you step aboard you can forget about schedules and frantic baggage moves—your tour escort takes care of all details.

What's more, when you do stop for a while, it's to stay at some of America's most famous hotels and resorts—the ones you've heard so much about, such as the Continental Hilton in Mexico City, the Banff Springs Hotel in Banff, the luxurious Tropicana in Las Vegas, the new spectacular Washington Plaza in Seattle, the Jasper Park Lodge at Jasper National Park. Sightseeing trips are arranged all along the way. You leave your train for a day... maybe two, three or more... tour an area or just relax at a resort... then reboard your train and roll on. You don't miss a thing when you travel with Four Winds.

And to make the trip even more fun, you're accompanied by friendly tour escorts who take care of all the problems and travel details for you. You, and your new traveling companions, share only the pleasures of a Discover America adventure. You're in a "private club" and it's this club atmosphere of Four Winds Private Train Tours that has made them so outstandingly popular and successful. Together, you enjoy sightseeing everywhere you go... and fun, and fiestas, and parties, and great meals.

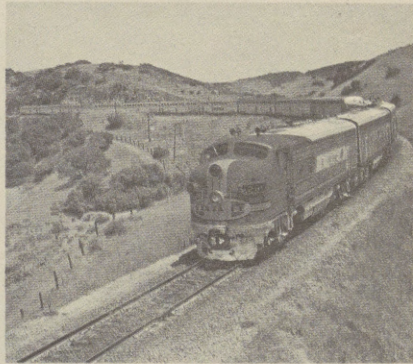
We leave from New York practically every week of the year, and you can join us exactly where you please—Newark, Philadelphia, Washington, Chicago, New Orleans, or...! Come along, and come aboard!

"RAILPAX MEANS BETTER TRAIN SERVICE IN 1971"

"Railpax", the quasi-governmental organization will assume operation of most passenger trains on May 1, 1971. This means better equipment, better service and more convenient schedules. The U.S. Government is now determined to create a rail system that more efficiently serves the travelling public. Four Winds is happy to incorporate "Railpax" services in this tour program and to cooperate with "Railpax" in every way. For details see page 22.

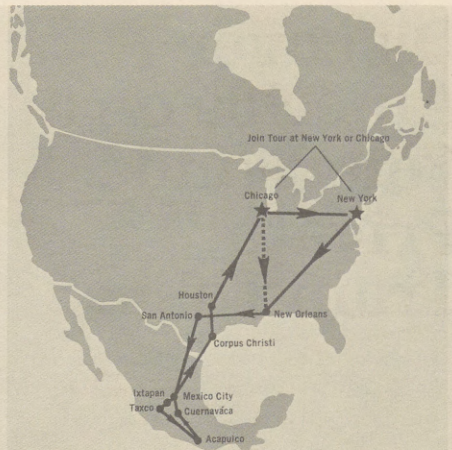
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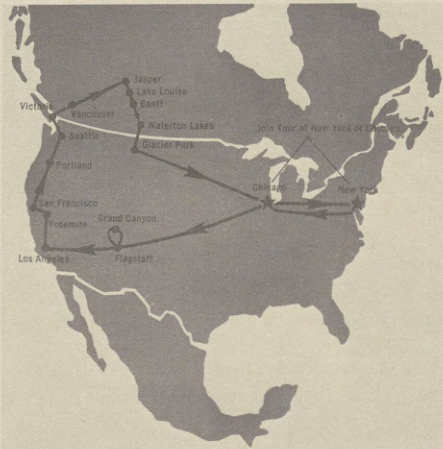


See the great wonders of America on an Americana Rail Cruise.

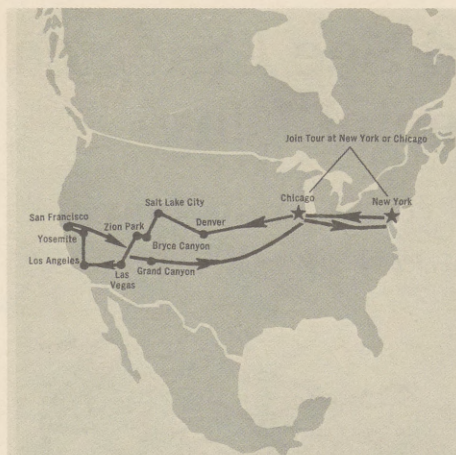
Four Winds' Private Train Vacations at a glance!



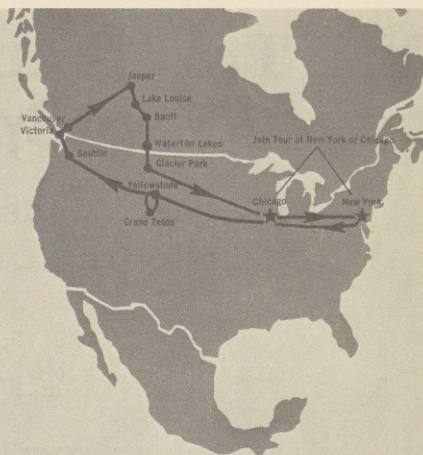
FIESTA AMERICANA
Acapulco, fabulous Mexico
and the great Southwest
19 days from \$995
For complete details see page 10



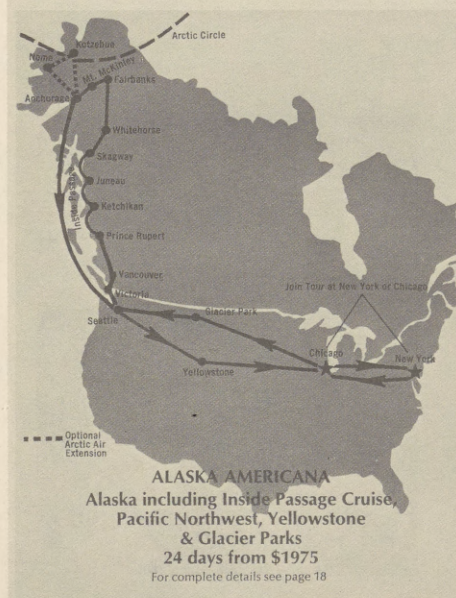
GRAND CIRCLE AMERICANA
National Parks, California,
Pacific Northwest, Canadian Rockies
23 days from \$1425
For complete details see page 16



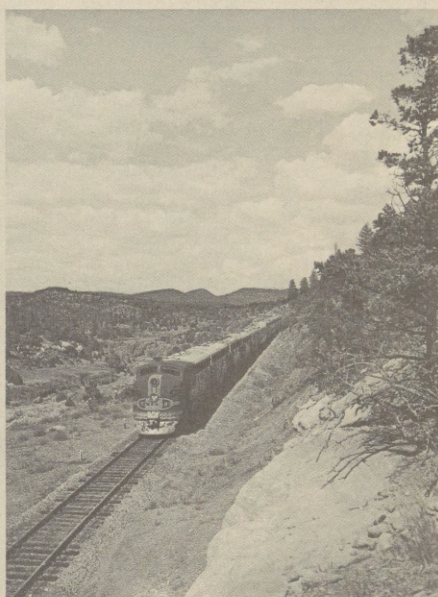
WESTERN AMERICANA
Best of the Glamorous West
19 days from \$1150
For complete details see page 12



TIMBERLINE AMERICANA
Best of the Northwest and Canadian Rockies
19 days from \$1195
For complete details see page 14



ALASKA AMERICANA
Alaska including Inside Passage Cruise,
Pacific Northwest, Yellowstone
& Glacier Parks
24 days from \$1975
For complete details see page 18



You Travel and See America a Very Special Way

On a Four Winds Private Train Tour

... from New York, Newark, Philadelphia or Chicago

Where and How You Travel

In these days of jumbo-jet travel, when most people are flying over some of the greatest sights in America, Four Winds is proud to offer five superb "see-level" rail tours—the Fiesta, the Western, the Timberline, the Grand Circle and the Alaskan. These rail tours take you right into the heart of the United States, Canada and Mexico . . . using the finest train and motorcoach transportation available.

When you travel by train, you realize a lot of spectacular scenery lies between airports. You'll be amazed at the boundless beauty and infinite variety of the vast continent on which we live. And railroads run through some of its most magnificent countryside—impressive mountains, lushly carpeted valleys and vast plains as they thread their way along great rivers and canyons and on to large cities. You'll see places you've never known existed, but charming spots well worth seeing.

You'll relax, too, and find yourself unwinding from your day-to-day cares and hurried pace. A train vacation is leisurely, comfortable, and, most of all, it's fun! You'll share many "good times" with your travel mates because you'll have time to get to know them, to have interesting conversations, to play cards, to swap stories and even just to watch the scenery together. Before you know it, your Four Winds traveling companions will become friends.

Now you're probably thinking of the days when railroading was the ultimate, when you could travel in comfort aboard the famous trains that criss-crossed the country, and wishing they were back again. They are . . . on a private train vacation with Four Winds. You can still travel in the comfortable trains whose names have become associated with 1st class travel over the years . . . trains like the California Zephyr, the Super Chief and the Empire Builder.

These trains still have spacious lounges and panoramic glass dome cars that allow for an unparalleled view of the scenic and colorful countryside. (See a listing of the famous trains used as well as their dome cars and lounge facilities on the following page.) In their sleeping cars you have a wide choice of arrangements from single berths to bedroom suites ample enough to accommodate a family. These private accommodations convert into sitting rooms, with sofas or chairs, by day and feature wall-to-wall carpeting, individually-controlled air conditioning and private facilities. The dining cars are true restaurants on wheels, where you can count on delicious cuisine, attractive table appointments and extremely colorful decor. In addition, you'll be treated to the same friendly service that helped to establish the excellent reputations of these trains. Until you've taken a private train vacation with Four Winds, you'll have no idea how comfortable one can be.

Our private trains are rolling right on schedule. Recent changes in rail service have not affected Four Winds' train vacations. Because we operate group tours, we are able to obtain special accommodations and service for our tour members that are no longer available to the individual traveler.

Now you know that if you want to enjoy old-time train travel, you can still do it with Four Winds.



View the exquisite countryside from your seat in the Vista-Dome Lounge



You'll see memorials to America's oldest citizens



Enjoy fine cuisine and sparkling conversation in the dining car

Some of the famous
trains you'll relax on...

Trains and Facilities

From/To	Train	Special Facilities
FIESTA AMERICANA		
New York/Atlanta	The Southern	Tavern-Lounge
Atlanta/New Orleans	Crescent	Dome Lounge
New Orleans/San Antonio	The Sunset	Lounge
Laredo/Mexico City/Laredo	The Aztec Eagle	Lounge-Observation Car
Houston/Chicago	The Texas Chief	Big Dome Lounge
Chicago/New York	Broadway Limited	Lounge

WESTERN AMERICANA

New York/Chicago/New York	Broadway Limited	Lounge
Chicago/Denver	Denver Zephyr	Vista-Dome Parlor Lounge
Denver/Salt Lake City	California Zephyr	Vista-Dome Lounge
San Francisco/Grand Canyon/Chicago	San Francisco Chief	Big Dome Lounge

TIMBERLINE AMERICANA

New York/Chicago/New York	Broadway Limited	Lounge
Chicago/Livingston/Seattle	North Coast Limited	Vista-Dome & Dome Lounge
Vancouver/Jasper	Super Continental	Sceneramic Dome Lounge
Glacier/Chicago	Empire Builder	Vista-Dome & Dome Lounge

GRAND CIRCLE AMERICANA

New York/Chicago/New York	Broadway Limited	Lounge
Chicago/Flagstaff/Los Angeles	The Super Chief	Turquoise Room-Pleasure Dome Lounge
San Francisco/Portland	Cascade	Lounge
Vancouver/Jasper	Super Continental	Sceneramic Dome Lounge
Glacier/Chicago	Empire Builder	Vista-Dome & Dome Lounge

ALASKA AMERICANA

New York/Chicago/New York	Broadway Limited	Lounge
Chicago/Glacier/Seattle	Empire Builder	Vista-Dome & Dome Lounge
Seattle/Livingston/Chicago	North Coast Limited	Vista-Dome & Dome Lounge



Your Four Winds' escort... experienced, knowledgeable and good company

The Escorts

Your Americana Rail cruise is an escorted tour.

Our escorts are a good deal more than the title implies. They are mature, resourceful and travel-wise—carefully chosen from hundreds of applicants for their background and training—and especially their amiability!

Their chief concern is to see to it that you enjoy your Americana Rail Cruise vacation. They take care of all the details so that you are completely free to have a wonderful time. Forget about schedules and connections and transfers and baggage! Your escorts see to it that you step off your train completely unencumbered, whether you are bound for a day of sightseeing or for an extended stay at one of the luxurious resort hotels.

Your escorts are informative. They are good company too. Your escorts are the happy hosts at all the parties and at bridge. They see to it that you are personally introduced to everyone, and that you don't miss a thing!

Making friends aboard your train is easy—and it's fun! Membership is limited to assure personal attention, so you can be sure you won't be overlooked. Your escorts will see to that! Their experience, knowledge and thoughtfulness are your guarantee of a smooth, comfortable trip.

10 good reasons for choosing a Four Winds Train Cruise

1. Escorted by mature experienced Cruise Directors.
2. Frequent overnight (and longer) stops at luxurious hotels.
3. Five exciting and different itineraries to choose from covering all of North America.
4. All baggage handling arranged for you by your Four Winds Cruise Director.
5. All sleeping car accommodations are sitting rooms by day... cozy sleeping rooms at night.
6. Wide range of sleeping car accommodations to choose from.
7. Special parties and banquets.
8. Superb Cuisine—all meals on board the train are included, plus most other meals.
9. Frequent year round departures.
10. Perfectly planned sightseeing—you see everything worthwhile.



Jasper Park Lodge, Jasper



Many Glacier Lodge, Glacier



Bayshore Inn, Vancouver

Four Winds' Luxury Hotels...chosen



Jackson Lake Lodge, Grand Teton



Bryce Canyon Lodge, Bryce

Four Winds' private train vacations combine the finest in rail travel with luxurious resort living at outstanding hotels in North America. The hotels used during the frequent stopovers in the itineraries have been carefully chosen by Four Winds. Each has been selected for its relaxing resort atmosphere, facilities and outstanding service. You'll enjoy the many parties, gala dinners and festive activities.

Your arrival at one of these hotels couldn't be more convenient. You are driven directly from the train to the hotel while your staff transfers your overnight baggage directly to your room.

Each of the hotels selected has charm and character and reflects the flavor of its surroundings. Here are just some of the hotels we find so attractive:

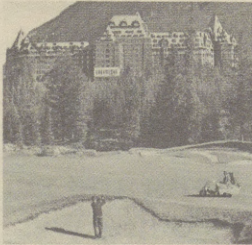
The **Banff Springs Hotel** perfectly situated in Bow Valley, one of the world's most beautiful settings, offers the ultimate in service and comfort. Next to famous Stanley Park and in bustling Vancouver is the **Bayshore Inn** which has its own marina and evergreen garden. Amid majestic pine trees and near America's most brilliant rock formations you'll find the comfortable **Bryce Canyon Lodge**. The fashionable **Continental Hilton** in the heart of Mexico City offers a breathtaking panoramic view from the Belvedere Room. **Jackson Lake Lodge** in Grand Teton National Park lies nestled in a region of mountain grandeur, enchanting green valleys, sparkling streams and lakes. One of Canada's most elegantly appointed resort hotels, The **Jasper Park Lodge** on the shores of tranquil Lac Beauvert, features tennis, a heated pool and a superb 18 hole golf course.

A luxurious hotel par excellence, the **Beverly Hilton** was designed to meet the needs of celebrities, businessmen and tourists who seek convenience and comfort in the most popular section of metropolitan Los Angeles. Here you will find superb dining, dancing, fine entertainment and a magnificent rooftop view of Beverly Hills.

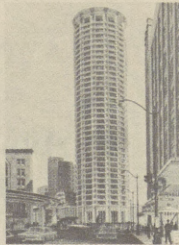
One of the highlights of any Yellowstone trip is a stay at the **Mammoth Motor Inn**, near magnificent Hot Springs. Near impressive Going-to-the-Sun Highway, the Swiss-style **Many Glacier Hotel** caters to every desire, every sense and every appetite. You will be amazed at the variety of wildlife feeding around the rustic and charming **Old Faithful Inn**.

New Orleans' traditional hotel, the **Roosevelt**, offering stately, elegant surroundings in a tranquil location, has earned an excellent reputation. It is the home of the Sazerac Room. San Francisco's **St. Francis Hotel**, where excellent service is a tradition, perfectly combines beauty and comfort. From the hotel, which is located on Union Square, you may take a cable car ride to the waterfront.

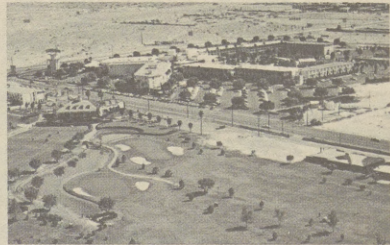
The world renowned **Tropicana** in Las Vegas has something for everyone whether it be taking a turn at the roulette wheel, seeing the Folies Bergere, swimming or putting on its manicured greens. The new circular shaped **Washington Plaza** in Seattle has a delightful selection of restaurants featuring Polynesian delights, Continental and American cuisine. Set at the foot of a waterfall is **Yosemite Lodge** where you may hike, horseback ride and mountain climb.



Banff Springs Hotel, Banff



Washington Plaza, Seattle



Tropicana, Las Vegas

from America's finest!



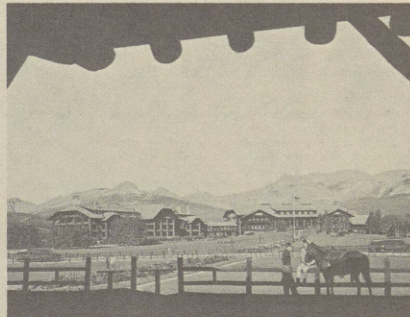
Empress Hotel, Victoria

Your Prestige Hotels

CITY	HOTEL
Acapulco	CALEA
Anchorage	TRAWLODGE
Banff	BANFF SPRINGS
Bryce	BYRCE CANYON LODGE
Calgary	CALGARY INN
Chicago	WILMINGTON HILTON
Corpus Christi	SHERATON-MARINA INN
Denver	BENAR HILTON
Fairbanks	FAIRBANKS INN/BAILEY INN
Flagstaff	AMERICANA
Glacier	GLACIER LODGE AND GLACIER PARK LODGE
Grand Teton	JACKSON LAKE LODGE
Houston	HOTEL YONESTA
Ixtapan de la Sal	IXTAPAK
Jasper	JASPER PARK LODGE
Las Vegas	TROPICANA
Los Angeles	WILMINGTON HILTON
Mexico City	CONTINENTAL HILTON
Mt. McKinley	MC KINLEY PARK
New Orleans	NEW ORLEANS HOTEL
San Francisco	WILMINGTON HILTON
Salt Lake City	HOTEL UTAH
Seattle	WASHINGTON PLAZA
Skagway	ALASKA INN
Taxco	HOTEL DE LA BORDA
Waterton Lakes	PRINCE OF WALES
Whitehorse	TRAVELERS SERVICE HOTEL
Yellowstone	MANMOUTH INN AND OLD FAITHFUL INN
Vancouver	WILMINGTON HILTON
Victoria	THE EMPRESS
Yosemite	YOSEMITE LODGE



Continental Hilton, Mexico City



Glacier Park Lodge, Glacier



FOUR WINDS "FIESTA AMERICANA"

19 days from \$995

Acapulco, Mexico, New Orleans and the Great Southwest

- 19 days from \$995
- All inclusive
- Fully escorted
- 12 nights at luxury hotels—including the Roosevelt, Continental Hilton, Caleta, De La Borda
- New York and Chicago departures
- 75% of all meals included
- 11 days in Mexico—including Mexico City, Cuernavaca, Taxco, Acapulco, Ixtapan De La Sal
- You'll travel aboard these famous trains: Southern Crescent, Sunset, Aztec Eagle, Texas Chief, Broadway Limited

1971

TOUR	B-145	B-146	B-147	B-148	B-149	B-150	B-151	B-152	B-153	B-154	B-155	B-156	B-157
Depart N.Y. and Chi.	April 17	May 15	June 26	July 10	Aug. 7	Sept. 18	Oct. 16	Nov. 6	Dec. 18	Jan. 22	Feb. 12	March 4	April 15
Return Chicago	May 4	June 1	July 13	July 27	Aug. 24	Oct. 5	Nov. 23	Jan. 4	Feb. 8	Feb. 29	March 21	May 2	
Return New York	May 5	June 2	July 14	July 28	Aug. 25	Oct. 6	Nov. 3	Nov. 24	Jan. 5	Feb. 9	March 1	March 22	May 3

Meals included are shown: B—Breakfast; L—Lunch; D—Dinner.

The color and grandeur of our Southwest plus the romance and Spanish charm of Mexico. This cruise features New Orleans and the Old South, San Antonio and the Wild West, Mexico City, Ixtapan De La Sal, Taxco, Cuernavaca, Acapulco, Corpus Christi, Houston and Chicago.

1st day • Saturday • New York

Your train is waiting for you in Pennsylvania Station this afternoon; all aboard for adventure! Your Four Winds' escort introduces you to the new friends who are now your traveling companions. Get to know them; they're such nice people! Get to really know your train, too—dine on board, relax in the lounge car of the **Southern Crescent**. Then, as you sleep in comfortable pullman accommodations, many southern states glide by.

DEPARTURE FROM CHICAGO

1st day • Saturday • Chicago

Chicago passengers leave this afternoon on the Illinois Central's **Panama Limited** arriving Sunday morning.

2nd day • Sunday • New Orleans

New Orleans welcomes you, and invites you to spend a leisurely day getting acquainted with her charming spots, shopping or just relaxing. Four Winds has reserved comfortable accommodations for you at the lovely **Roosevelt Hotel**. Your fellow tour-mates from New York join you this evening at the hotel.

2nd day • Sunday • New Orleans

You have a window on America today and you see more of this marvelous country than by any other means of travel. Ahead, a city of gaiety, life and charm . . . New Orleans. Reserved accommodations await you at the lovely **Roosevelt**, which you'll call home tonight.

3rd day • Monday • New Orleans • Enroute

In New Orleans, breakfast is a special occasion, and Four Winds takes you to famous **Brennan's** in the heart of the French Quarter to enjoy it. Afterward, join your experienced guide on a walking tour of this romantic, old-world colorful area. Discover intimate cafes and tree-shaded patios tucked away in the narrow streets. Then, say goodbye to New Orleans as you head for Texas and the wide open spaces aboard the **Sunset**.

B-L-D

4th day • Tuesday • San Antonio • Enroute

A warm Texas welcome—and a hearty breakfast, too—greet you at the **Menger Hotel**, right next door to the historic Alamo. Spend the morning seeing romantic San Antonio, including the old Quadrangle at Fort Sam Houston. Lunch at the Menger Hotel, then motor south across

the border to Laredo, where you board the **Aztec Eagle**—you're on your way to Mexico City!

B-L-D

5th day • Wednesday • Mexico City

Put your feet up and relax in the lounge car. Here's a whole day of uninterrupted sightseeing in an exciting land so foreign it could be a million miles from home. Stop at wonderful towns like Monterrey and San Luis Potosi, where Mexicans will bring their beautiful handcrafted wares right to your train window, and you can buy to your heart's content. Tonight you'll be at the fashionable **Continental Hilton** in Mexico City.

B-L

6th day • Thursday • Mexico City

Catch a glimpse of Mexico's rich, bright past as you visit Chapultepec Park, extravagant rococo cathedrals and cryptic monuments. Your afternoon is free for exploring, strolling and shopping. Save some time for a quick nap, too, because tonight is **Fiesta!** You're invited for cocktails, a special buffet dinner and dancing in the superb **Belvedere Room** atop the **Continental Hilton**.

D

7th day • Friday • Mexico City

Today you drive to the valley of Teotihuacan, site of the famous archaeological zone, dominated by the massive Pyramids of the Moon and the Sun. Relax after sightseeing with luncheon at the beautiful **Las Piramides Restaurant** . . . you'll have another view of the pyramids from the dining room. The rest of the afternoon is at leisure. If you enjoy museums, pay a visit to the unique Museum of Anthropology. The **Continental Hilton** continues to offer you hospitality tonight.

L

8th day • Saturday • Mexico City • Toluca • Ixtapan De La Sal

A picturesque drive takes you from Mexico City to Toluca, a colorful town pre-dating Cortez. Stretch your legs here awhile and take a look at the fine basketry and other handicrafts, on which the inhabitants pride themselves, before continuing on to Ixtapan De La Sal and the luxurious **Ixtapan Hotel**. Nestled in this sun-splashed valley is a delightful warm-water spa . . . and Four Winds gives you the whole afternoon to indulge yourself.

L-D

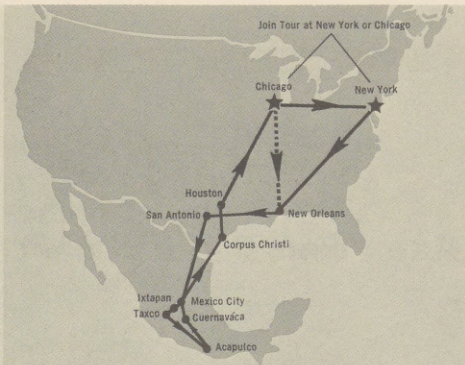
9th day • Sunday • Ixtapan De La Sal • Taxco

You have plenty of time this morning for a few extra winks, a dip in the soothing mineral waters and a leisurely breakfast before it's time to drive to Taxco, a never-to-be-forgotten town of cobbled streets and centuries-old charm. You stay at the lovely **De La Borda Hotel**, where lunch is served on a treeshaded patio overlooking the city.

B-L-D

10th day • Monday • Taxco • Acapulco

Breakfast at the hotel today, and then on to dazzling Acapulco! The coastline of this "Riviera of the Americas" has a breathtaking beauty all its own. Here are towering cliffs that meet the sea. Here too are emerald bays and palm-shaded beaches, and green mountains with terraced



slopes. Make your headquarters at the Caleta Hotel.

B-D

11th day • Tuesday • Acapulco

You'll have a "get-acquainted-with-Acapulco" tour drive this morning . . . and a highlight of your tour is Acapulco's most famous attraction—the young divers who plunge from 135-foot-high La Quebrada cliff into a narrow cove! Your afternoon is at leisure.

B-D

12th day • Wednesday • Acapulco

A full day to take advantage of Acapulco's limitless pleasures—boating and sailing, fishing, skin diving, tennis, golf, and, of course, sunbathing and surfing at the beautiful beaches! Whichever you choose to do—remember to also keep an eye open for the celebrities going by!

B-D

13th day • Thursday • Acapulco • Cuernavaca • Mexico City

Today motor along a new superhighway to Cuernavaca, a fashionable resort once favored by Cortez, Maximilian and Carlota. Lunch awaits you here at the beautiful **Casino de la Selva Hotel**. Then, forgo a siesta and come out for a look at the enchanting city with its lakes, cathedrals, quaint streets and wonderful old houses. See the Palace of Cortez and the gorgeous Borda Gardens before it's time to head back to Mexico City and the **Continental Hilton Hotel**, your "home" when you're in town.

B-L

14th day • Friday • Enroute

A wonderful day for relaxing aboard your comfortable train as you rail cruise toward Laredo . . . write letters, join a card game in the lounge car, admire the passing scenery.

B-L-D

15th day • Saturday • Laredo • Corpus Christi

Four Winds whisks you through the border formalities at Laredo before heading for Corpus Christi. Now, put on your imaginary ten-gallon hat and get set to "see Texas." Since a trip through the state is not complete without a look at a cattle ranch, Four Winds has chosen the route that cuts through the largest one in the world—the famous King Ranch. Arrive at the **Sheraton Marina Hotel** with plenty of afternoon left for swimming and poolside relaxation. Tonight, Four Winds hosts a festive dinner party at the famous **Ship Ahoy** sea food restaurant.

B-D

16th day • Sunday • Corpus Christi • Houston

Drive east today, via Mustang Island and Port Aransas, skirting the scenic Texas Gulf Coast to Houston, home of the fantastic Astrodome Stadium and Millionaire's Row. Tonight Four Winds has reserved very comfortable accommodations at the **Hotel Sonesta**.

L

17th day • Monday • Houston • Enroute

You've the full day to relax aboard **The Texas Chief** as you speed toward busy Chicago . . . enjoy leisurely meals as you watch the world go by from the Big Dome Lounge!

B-L-D

18th day • Tuesday • Chicago • Enroute

Welcome to Chicago! Four Winds takes you on a sightseeing tour of this vibrant city—see the Loop, glamorous North Michigan Avenue, beautiful Lake Shore Drive, and so much more. To top it all off, enjoy a festive luncheon at superb **Kungsholm Restaurant**, followed by a Puppet Theatre performance. Then it's time to board your pullman . . . New York's the next stop!

B-L-D

19th day • Wednesday • New York

Home is just around the corner—this is your last morning on board. Over breakfast, you'll enjoy making your last farewells and exchanging addresses with the traveling companions who've shared your adventures across the country. As for us—it's been a pleasure to have you aboard—let's do it again soon.

B

All-Inclusive Tour Rates

Per Person

Choose from this wide range of Sleeping Car Accommodations. Sitting Rooms by Day, Sleeping Rooms by Night.

	From New York	From Chicago†
Upper Berth	\$ 995	\$ 780
Lower Berth	\$1125	\$ 905

Private Rooms, with Toilet

	From New York	From Chicago†
Single Accommodations		
Roomette, lower bed	\$1245	\$1020
Single Bedroom, lower bed . .	\$1485	\$1235

Double Accommodations

Roomette Suite, two lower beds in facing Roomettes . .	\$1225	\$ 995
Bedroom, lower bed & upper bed	\$1245	\$1020
Bedroom Suite, two lower beds	\$1485	\$1235

Triple Accommodations

Bedroom Suite, two lower beds, one upper bed	\$1315	\$1085
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Special children's rates are available upon request.

For detailed description of sleeping car accommodations see Page 20.

Hotel Accommodations: Above rates include sharing twin-bedded room with private bath.

Share Accommodations: For passengers traveling alone, share accommodations can be arranged at a supplementary charge of \$40.

Single Room Supplement: \$120

†Tour features for Chicago tour members begin with their arrival at New Orleans hotel and terminate upon arrival back in Chicago.

The Cruise Rate Includes

First Class Rail Transportation • Sleeping Car Accommodations • 12 Nights in luxury resorts and hotels • Sightseeing and transfers • Baggage Handling • Fully escorted from New York to New York • All meals aboard the train while en route, plus 21 other breakfasts, lunches and dinners—a total of 40 meals included out of a possible 53 . . . or 75% of all your meals included in the tour rate.

\$250 deposit insures membership . . . book now . . . see page 22.



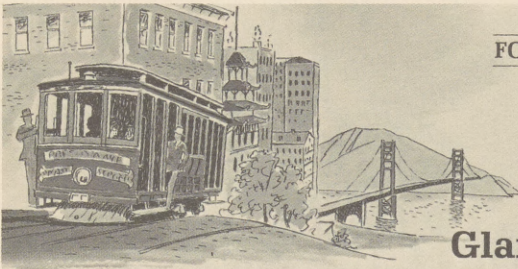
Native dancers will delight you

HOW YOU WILL TRAVEL

The Fiesta Americana travels on America's great NAME trains and via deluxe motor coach. Here's how you will travel:

Between New York and Mexico City over the route of the tour and return, round trip

Sleeping car on the SOUTH-ERN CRESCENT with DOME LOUNGE, the SUNSET, the AZTEC EAGLE, the TEXAS CHIEF with BIG DOME LOUNGE, the BROADWAY LIMITED



FOUR WINDS™ WESTERN AMERICANA™

19 days from \$1150

Best of the West... the National Parks, Las Vegas and the Glamorous Pacific Coast

- 19 days from \$1150
- All inclusive
- Fully escorted
- 66% of all meals included

- 13 nights at luxury hotels—including Beverly Hilton and Tropicana Hotel
- New York and Chicago departures

- The top National Parks: Zion, Bryce, Yosemite, Grand Canyon
- You'll travel aboard these famous trains: Broadway Limited, Denver Zephyr, San Francisco Chief, California Zephyr

TOUR	C-119	C-120	C-121	C-122	C-123	C-124	C-125	C-126	C-127	C-128	C-129
Depart New York	May 14	June 4	June 18	July 2	July 9	July 16	July 23	Aug. 6	Aug. 20	Sept. 10	Sept. 24
Join Chicago	May 15	June 5	June 19	July 3	July 10	July 17	July 24	Aug. 7	Aug. 21	Sept. 11	Sept. 25
Terminate Chicago	May 31	June 21	July 5	July 19	July 26	Aug. 2	Aug. 9	Aug. 23	Sept. 6	Sept. 27	Oct. 11
Return New York	June 7	June 22	July 6	July 20	July 27	Aug. 3	Aug. 10	Aug. 24	Sept. 7	Sept. 28	Oct. 12

Meals included are shown: B—Breakfast; L—Lunch; D—Dinner.

This is the trans-continental carnival: The Rocky Mountains and America's national parks, plus the most cosmopolitan cities of the West. This cruise features Zion and Bryce National Parks, Las Vegas, Yosemite, the Grand Canyon, Hollywood, Los Angeles, San Francisco, Disneyland, Colorado Springs, Denver, and Chicago.

1st day • Friday • New York

Your Four Winds' escort welcomes you aboard the **Broadway Limited**. Departure is late afternoon—your adventure is about to begin! Get settled in your air-conditioned accommodations, then enjoy a delicious dinner as you get acquainted with your new traveling companions. D

2nd day • Saturday • Chicago

Welcome to Chicago! Eat a hearty breakfast before you tour this vibrant city. Among the sights are the North Shore Drive, the famous Chicago "Loop," the lovely lakefront area. Later, you'll have a festive luncheon at the superb **Kungsholm Restaurant**, one of Chicago's finest, and enjoy a Puppet Theatre performance. **Now Chicago tour members join the group**, and you board the **Denver Zephyr**... you're off for the West! B-L-D

3rd day • Sunday • Denver • Colorado Springs

Explore Denver's tree-gladed parks and sun-filled boulevards. Board your private motorcoach for Colorado Springs, where you're expected for lunch at the beautiful **Broadmoor Hotel**. The hotel grounds were designed to recapture the elegance of old Vienna. From here you continue on to the new Air Force Academy, a dazzling complex of modern architecture. Nearby is the awesome "Garden of the Gods," the scene of strange Indian ceremonies in days long past. Return to Denver where accommodations have been reserved for you at the luxurious **Denver Hilton**. B-L

4th day • Monday • Salt Lake City

You have a reserved seat aboard the famed **California Zephyr** as you cruise west along one of the most scenic routes in the country. This marvelous journey is done almost entirely during daylight hours, so that your enjoyment can be complete. Be sure to stroll up to the dome car to enjoy virtually unobstructed viewing. Evening arrival in Salt Lake City, where you are a welcome guest at the **Hotel Utah**. B-L-D

5th day • Tuesday • Salt Lake City

This morning you visit the inspiring Mormon Temple and Tabernacle, the home of Brigham Young and the University of Utah. You'll travel a portion of the "Old Mormon Trail," pass the famous "This is the Place" monument... and hear a wonderful organ recital at the Tabernacle. We've left your afternoon free. Tonight you'll dine in the beautiful **Sky Room** atop the **Hotel Utah**. D

6th day • Wednesday • Salt Lake City • Bryce Canyon National Park

Bryce is unique among our national parks in the richness and splendor of its scenery. Fantastically carved spires and columns reach into the sky near the famous "Wall of Windows." Bring color film, Bryce is brilliant! Flashing color, orange, rose and all the variations from white to crimson. You see the Navajo Look, Peekaboo Canyon and all the other sights of the park as you drive along its winding roads to **Bryce Canyon Lodge**, your comfortable home for the night. L-D

7th day • Thursday • Zion National Park • Las Vegas

Breakfast at the Lodge this morning, and then motor via Zion National Park to the glamorous resort of Las Vegas. Upon arrival, check into the glittering **Tropicana Hotel** and have a look around as long as you'd like. Las Vegas keeps very late hours. B-L

8th day • Friday • Las Vegas

This is certainly one of America's most exciting towns—day or night! You have the whole day at leisure to seek out its pleasures, but be sure to save some time for the championship 18-hole golf course, swimming pool, health clubs and tropical gardens right on your "home grounds." Tonight you're invited to another Four Winds' special: this time a gala dinner party at the **Tropicana**, plus their exciting **Folies Bergere** show! D

9th day • Saturday • Las Vegas • Los Angeles

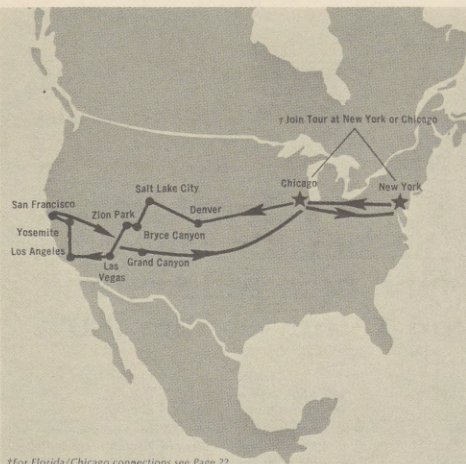
The glamour capital of the world is expecting you this afternoon—and the luxurious **Beverly Hilton** in the heart of ultra-chic Beverly Hills is your address here. Don't be surprised if you find yourself rubbing shoulders with celebrities as you browse and shop in the fashionable boutiques and department stores near your hotel. L

10th day • Sunday • Los Angeles • Disneyland

Today you see Sunset Strip, Grauman's Chinese Theatre, the homes of the movie stars, Farmer's Market... and more. Then spend a wonderful afternoon in Disneyland... the greatest amusement center ever... it includes Frontierland, Adventureland, Fantasyland and Tomorrowland. Put on your dancing shoes for an evening of dinner and dancing at the **Star** on the roof of your hotel that boasts a marvelous panorama of the twinkling city. D

11th day • Monday • Los Angeles • Yosemite

Today set out on a scenic drive to Yosemite National Park. Here you find lofty waterfalls, snowfields, trails and meadows... and much more! Keep your camera handy—everywhere you look you'll find spectacular sights to photograph. If you're lucky you may even "capture" a deer or two! Your reservations await you at **Yosemite Lodge**. Dine to-night at the fabulous **Ahwahnee**. L-D



For Florida/Chicago connections see Page 22.

12th day • Tuesday • Yosemite • San Francisco

This carefully preserved area of natural beauty covers more than a thousand square miles, so have another look around this morning. Then this evening you catch your first glimpse of San Francisco as you begin your two-day stay. The **St. Francis Hotel** is your headquarters here. *B-L*

13th day • Wednesday • San Francisco

Here is America's most-beloved city! This morning, via motorized cable car, your guide will begin getting you acquainted with it; see how fast you grow to love it too! San Francisco is cosmopolitan, charming, gracious and easy to admire. Perched on hills overlooking the beautiful blue Pacific, accented by the spectacular Golden Gate Bridge. The balance of the day is open. This evening Four Winds hosts a festive dinner for you and your friendly tourmates at the popular **Sabella's Restaurant on Fisherman's Wharf**. *D*

14th day • Thursday • San Francisco • Enroute

Most of your day is free to explore the city world travelers dream about. Then board your train, the **San Francisco Chief**, and get ready for one of the most impressive sights in the world—Grand Canyon. *D*

15th day • Friday • Grand Canyon • Flagstaff

Spectacular is the word for Grand Canyon! As you drive along the South Rim to Hermit's Rest, you'll have many splendid vantage points from which to observe the enormous variety of bird and animal life that exists in this incredibly beautiful place. Four Winds is your host for lunch and dinner at the Canyon's **Bright Angel Lodge**. After dinner you're on your way to Flagstaff, where you have reserved accommodations at the **Americana**. *B-L-D*

16th day • Saturday • Enroute to Chicago

This morning you reboard your pleasant accommodations on the **San Francisco Chief**... and speed through Arizona, New Mexico, Kansas and Missouri. Have a nap, write a letter or stroll down to the lounge car. Enjoy luncheon and dinner aboard, as you marvel at the vastness of your country. *B-L-D*

17th day • Sunday • Chicago

Welcome back to friendly Chicago! Your comfortable room at the beautiful **Conrad Hilton** is ready for you, and you have the evening to spend as you please. Your hotel's spacious lobby and fine restaurants are favorite meeting places for Chicagoans. *B-L-D*

18th day • Monday • Chicago • Enroute

Chicago tour members terminate this morning before lunch. You've time this morning to catch up on a few sights you might have missed or revisit a favorite spot. Don't forget you have a date today for a Four Winds' farewell luncheon party at the popular **Jacques Restaurant**. The **Broadway Limited** is waiting for you this afternoon. *L-D*

19th day • Tuesday • New York

You're almost home now—it's hard to believe your journey is about over. You've rail-roamed across the country and back again. You've seen a scenic feast unparalleled, with parties galore all along the way. What a way to travel! Farewell now, it's been a pleasure having you aboard. *B*

All-Inclusive Tour Rates

Per Person

Choose from this wide range of Sleeping Car Accommodations, Sitting Rooms by Day, Sleeping Rooms by Night.

	From New York	From Chicago
Upper Berth	\$1150	\$ 945
Lower Berth	\$1250	\$1035
Private Rooms, with Toilet		
Single Accommodations		
Roomette, lower bed	\$1350	\$1130
Single Bedroom, lower bed ..	\$1595	\$1350
Double Accommodations		
Roomette Suite, two lower beds in facing Roomettes ..	\$1330	\$1110
Bedroom, lower bed & upper bed ...	\$1350	\$1130
Bedroom Suite, two lower beds	\$1595	\$1350
Triple Accommodations		
Bedroom Suite, two lower beds, one upper bed	\$1415	\$1190
Special children's rates are available upon request.		

For detailed description of sleeping car accommodations see Page 20.

Hotel Accommodations: Above rates include sharing twin-bedded room with private bath.

Share Accommodations: For passengers traveling alone, share accommodations can be arranged at a supplementary charge of \$45

Single Room Supplement: \$135

The Cruise Rate Includes

First Class Rail Transportation • Sleeping Car Accommodations • 13 Nights in luxury resorts and hotels • Sightseeing and transfers • Baggage Handling • Fully escorted from New York to New York • All meals aboard the train while en route, plus 19 other breakfasts, lunches and dinners—a total of 35 meals included out of a possible 53...or 66% of all your meals included in the tour rate.

\$250 deposit insures membership... book now... see page 22.



The famous Overhanging Rock at Grand Canyon

HOW YOU WILL TRAVEL

The Western Americana travels on America's great NAME trains and via deluxe motor coach. Here's how you will travel:

- a) Between New York and Chicago only, round trip: Sleeping car on the **BROADWAY LIMITED**
- b) Chicago/Denver: Sleeping car on the **DENVER ZEPHYR** with **VISTA-DOME PARLOR LOUNGE**
- c) Denver/Salt Lake City: Reserved seats on the **CALIFORNIA ZEPHYR**, scenic daylight run with **VISTA-DOME LOUNGE**
- d) San Francisco/Grand Canyon/Chicago: Sleeping car on the **SAN FRANCISCO CHIEF** with **BIG DOME LOUNGE**



FOUR WINDS "TIMBERLINE AMERICANA"

19 days from \$1195

Best of the Northwest... the Canadian Rockies, Banff, Jasper, plus Yellowstone, Grand Teton, Glacier Park

- 19 days from \$1195
- All inclusive
- Fully escorted
- 85% of all meals included
- Travel aboard these famous trains: Broadway Limited, North Coast Limited, Super Continental, Empire Builder
- New York and Chicago departures
- The top U.S. and Canadian National Parks—including Yellowstone, Grand Teton, Jasper, Banff and Glacier Park and Lake Louise
- 12 nights at luxury hotels including Jasper Park Lodge, Washington Plaza and Banff Springs Hotel.

TOUR	E-69	E-70	E-71	E-72	E-73	E-74	E-75	E-76	E-77	E-78	E-79	E-80	E-81
Depart New York	June 14	June 21	June 28	July 5	July 12	July 19	July 26	Aug. 2	Aug. 9	Aug. 16	Aug. 23	Aug. 30	Sept. 6
Depart Chicago	June 15	June 22	June 29	July 6	July 13	July 20	July 27	Aug. 3	Aug. 10	Aug. 17	Aug. 24	Aug. 31	Sept. 7
Return Chicago	July 1	July 8	July 15	July 22	July 29	Aug. 5	Aug. 12	Aug. 19	Aug. 26	Sept. 2	Sept. 9	Sept. 16	Sept. 23
Return New York	July 2	July 9	July 16	July 23	July 30	Aug. 6	Aug. 13	Aug. 20	Aug. 27	Sept. 3	Sept. 10	Sept. 17	Sept. 24

Meals included are shown: B—Breakfast; L—Lunch; D—Dinner.

This is a cool and comfortable summer rail cruise to the "Top of the World." An unforgettable holiday, it features Chicago, Yellowstone National Park, Seattle, Victoria, Vancouver, Jasper National Park, Grand Teton National Park, Lake Louise, Banff, Columbia Icefields, Glacier Park.

1st day • Monday • New York

Today's the big day! Welcome aboard the **Broadway Limited** at Pennsylvania Station. . . you're just in time for dinner and the beginning of your adventure. Tonight, as you sleep in comfortable accommodations, Ohio and Indiana speed by. D

2nd day • Tuesday • Chicago • Enroute

Chicago welcomes you! Tour Chicago's beautiful North Shore Drive. Later your escort will see you comfortably settled aboard **The North Coast Limited**. Chicago tour members now join the group. Become acquainted as you enjoy lunch on board. Then stroll down to the dome car . . . sit back and watch the West go by as you travel through Minnesota, North Dakota and Montana. Dinner served in the dining car. B-L-D

3rd day • Wednesday • Enroute • Yellowstone National Park

Breakfast is leisurely . . . as you enjoy a second cup of coffee, your train speeds you toward Yellowstone. You arrive there this afternoon, and Four Winds has a room for you at the **Mammoth Motor Inn**. You'll have dinner here tonight. B-L-D

4th day • Thursday • Yellowstone • Grand Teton National Park

This morning you begin your exploration of Wyoming's Yellowstone National Park. Motor along the Grand Canyon of the Yellowstone River, 24 miles of sheer rock, 1,300 feet deep, tinted red and every shade of yellow imaginable, from the palest lemon to the most brilliant orange. After lunch at the **Lake Hotel**, you'll cruise Yellowstone Lakes and motor from Yellowstone to the neighboring spectacular Grand Teton National Park. This is a region of mountain grandeur, enchanting green valleys, sparkling streams and lakes. Dinner and overnight accommodations at lovely **Jackson Lake Lodge**. (Tours E-69 and E-73 stay at Lake Hotel) B-L-D

5th day • Friday • Grand Teton • Yellowstone

After a morning at leisure, you'll motor across the Continental Divide, past multi-colored boiling springs called "Paint Pots," to return to Yellowstone, where Four Winds shows you its world-famous geysers. Dinner and overnight at the charming **Old Faithful Inn**. B-L-D

6th day • Saturday • Yellowstone • Enroute

After breakfast at your hotel, drive to Mammoth Springs and to Living-

ston, where you rejoin your train—then, sit back and rail-rove across the roof-of-the-nation. Dinner is served in the dining car, and then your evening is free for fun and companionship in the dome car. B-L-D

7th day • Sunday • Seattle

Good morning, Seattle! Your luxurious room awaits you at Seattle's newest and finest hotel, the sumptuous **Washington Plaza**. Today's plan includes an unusually comprehensive tour of the city by land and by water, including Chinatown and the unique Lake Union houseboat colony. Four Winds is your host for luncheon at the famous **Space Needle**, which pierces the air 600 feet over the site of the 1962 World's Fair. Return to your hotel via the famed **Monorail**. B-L

8th day • Monday • Seattle • Victoria • Vancouver

Cruise across Puget Sound to Victoria on Vancouver Island. Tour the Island, including Butchart Gardens, a truly unique attraction. Have lunch at the famous **Empress Hotel**. Be a sailor again as you ferry over to Vancouver. Here you stay the night, at the **Bayshore Inn**. L

9th day • Tuesday • Vancouver

Your morning's free to spend as you please—but Four Winds gives you a busy afternoon touring Vancouver! You'll see Stanley Park, the University of British Columbia, and more. Now it's time to board the **Super Continental**—tonight it will speed you to the magnificent Canadian Rockies. D

10th day • Wednesday • Jasper

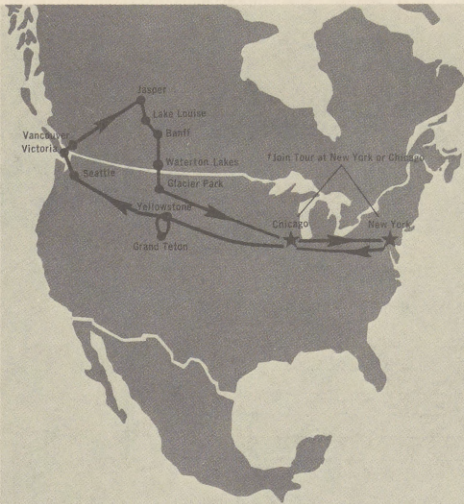
Here you are in beautiful Jasper! Breakfast aboard your train, then motor to Maligne Lake for a delightful lunch cruise, stopping for lunch at the charming **Maligne Lake Chalet**. Return to your hotel, the **Jasper Park Lodge**, for dinner and overnight. (Tour E-70 stays at **Andrew Motor Lodge**) B-L-D

11th day • Thursday • Jasper

Be lively, be lazy—today is all yours. The Lodge offers a large, heated outdoor swimming pool, a superb 18 hole golf course and facilities for fishing, tennis, boating, hiking and riding. B-D
(Tour E-70 stays at **Andrew Motor Lodge**)

12th day • Friday • Jasper • Columbia Icefields • Lake Louise • Banff

Bring along your camera for today will be filled with spectacular sights. First a leisurely drive through the Athabasca River Valley, and past Sunwapta Canyon to the Columbia Icefields. Lunch is served picnic style in this lovely setting. Then continue your scenic motor tour to **Chateau Lake Louise**, where you enjoy a cocktail and a stroll near the mirror-like lake at the foot of Victoria Glacier before driving to Banff for



*For Florida/Chicago connections see Page 22.

dinner and overnight. Your hotel for the next three nights is the luxurious **Banff Springs**, set in one of the world's most beautiful valleys. *B-L-D*
(Tours E-78 and E-79 stay at Chateau Lake Louise)

13th day • Saturday • Banff

You're on your own this morning—free to browse and wander all over this lovely resort. This afternoon you are invited to tour Banff and its environs and to effortlessly ascend Sulphur Mountain in a cable car to enjoy a breathtaking view. *B-D*

14th day • Sunday • Banff

You have a whole glorious day to enjoy more of the varied pleasures of this Scottish baronial castle here in the mountains. What will it be? Lounging on sun-splashed terraces, swimming in crystal pools, or golfing on the splendid fairways? There are also a number of fascinating shops and a flower-filled conservatory. *B-D*
(Tour E-78 stays at Prince of Wales Hotel)

15th day • Monday • Glacier Park

Today brings a change of scene... motor east and south through towns and lovely open country, stopping enroute for a delicious family-style lunch at the "Flying N." Continue on to Glacier Park for dinner and an overnight stay at **Many Glacier Lodge**.* *B-L-D*

16th day • Tuesday • Glacier Park

Explore this beautiful million-acre park with its 60 glaciers and 200 lakes... drive along "Going to the Sun Highway"... see Logan Pass. Tonight you rest your head at comfortable **Glacier Park Lodge**.* *B-L-D*

17th day • Wednesday • Glacier Park • Enroute

Time for railroading again! Drive to Great Northern Depot this morning, where you board the **Empire Builder**... you're on your way to Chicago! Enjoy your meals in the dining car and the scenic countryside from the dome lounge. *B-L-D*

18th day • Thursday • Chicago • Enroute

Welcome back to Chicago! **Chicago tour members terminate upon arrival.** Your Four Winds' tour director smoothly arranges for your mid-afternoon transfer to the Broadway Limited... New York, here you come! *B-L-D*

19th day • Friday • New York

You're almost home now; there's plenty of time for goodbyes after breakfast. And while you're exchanging memories with your new-found friends, don't forget to exchange addresses. You've seen many unforgettable sights in the last two weeks—and, we might add, it's been a pleasure having you aboard! *B*

* Because hotel facilities at Glacier Park are closed for the season, Tours E-79, E-80 and E-81 will stay at the Bayshore Inn instead of Many Glacier Lodge and at the Agate Village Lodge in place of Glacier Park Lodge.

All-Inclusive Tour Rates

Per Person

Choose from this wide range of Sleeping Car Accommodations, Sitting Rooms by Day, Sleeping Rooms by Night.

	From New York	From Chicago
Upper Berth	\$1195	\$ 995
Lower Berth	\$1295	\$1090

Private Rooms, with Toilet

Single Accommodations	From New York	From Chicago
Roomette, lower bed	\$1395	\$1185
Single Bedroom, lower bed ..	\$1645	\$1395
Double Accommodations		
Roomette Suite, two lower beds in facing Roomettes ..	\$1375	\$1165
Bedroom, lower bed & upper bed ...	\$1395	\$1185
Bedroom Suite, two lower beds	\$1645	\$1395

Triple Accommodations

Bedroom Suite, two lower beds, one upper bed	\$1455	\$1235
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Special children's rates are available upon request.

For detailed description of sleeping car accommodations see Page 20.

Hotel Accommodations: Above rates include sharing twin-bedded room with private bath.

Share Accommodations: For passengers traveling alone, share accommodations can be arranged at a supplementary charge of \$50.

Single Room Supplement: \$140

The Cruise Rate Includes

First Class Rail Transportation • Sleeping Car Accommodations • 12 Nights in luxury resorts and hotels • Sightseeing and transfers • Baggage Handling • Fully escorted from New York to New York • All meals aboard the train while en route, plus 29 other breakfasts, lunches and dinners—a total of 45 meals included out of a possible 53... or 85% of all your meals included in the tour rate.

\$250 deposit insures membership... book now... see page 22.

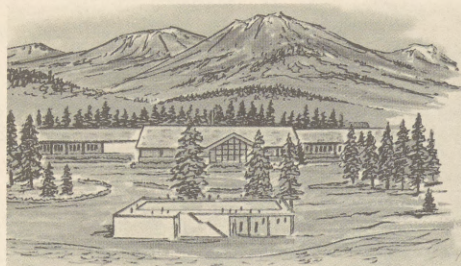


The Columbia Icefield... a dazzling sight

HOW YOU WILL TRAVEL

The Timberline Americana travels on America's great NAME trains and via deluxe motor coach. Here's how you will travel:

- | | |
|---|---|
| a) Between New York and Chicago only, round trip | Sleeping car on the BROADWAY LIMITED |
| b) From Chicago to the Northwest and Canadian Rockies, and back to Chicago over the routing of the tour | Sleeping car on the NORTH COAST LIMITED, the CASCADE, the SUPER CONTINENTAL, the EMPIRE BUILDER. All feature VISTADOMES and DOME LOUNGES. |



- 23 days from \$1425
- All inclusive
- Fully escorted
- New York and Chicago departures
- 69% of all meals included

- 15 nights at luxury hotels—including Beverly Hilton, Washington Plaza, Jasper Park Lodge, St. Francis

TOUR	K-25	K-26	K-27	K-28	K-29	K-30	K-31
Depart New York	June 11	June 25	July 9	July 16	July 23	Aug. 6	Aug. 20
Depart Chicago	June 12	June 26	July 10	July 17	July 24	Aug. 7	Aug. 21
Return Chicago	July 2	July 16	July 30	Aug. 6	Aug. 13	Aug. 27	Sept. 10
Return New York	July 3	July 17	July 31	Aug. 7	Aug. 14	Aug. 28	Sept. 11

Meals included are shown: B—Breakfast; L—Lunch; D—Dinner.

A joyful holiday touring the Golden West and the Canadian Rockies. Glamorous Los Angeles and San Francisco . . . awesome Yosemite and Grand Canyon . . . spectacular Jasper Park, Waterton Lakes and Glacier Park. All of this—and more—are yours to explore and enjoy as Four Winds takes you around by famous train, deluxe motorcoach, cruise steamer, cable car, monorail and chair lift!

1st day • Friday • New York

All aboard for adventure! The **Broadway Limited** glides out of Penn Station in the late afternoon. Have dinner aboard, then sleep tight in your comfortable pullman accommodations as your train speeds west to Chicago. D

2nd day • Saturday • Chicago

Welcome to Chicago! Tour the Loop and the beautiful North Shore area, then enjoy lunch and the delightful Puppet Theatre at the **Kingsholm Restaurant**, one of Chicago's finest. Your afternoon's free for exploring on your own. Now **Chicago** tour members join the group; and you board the **Super Chief** for dinner and overnight. B-L-D

3rd day • Sunday • Enroute • Flagstaff

A full day to enjoy the pleasures of rail cruising across America's mid-west . . . admire the passing scene and relax in the **Pleasure Dome Lounge**. Tonight you'll be at **Flagstaff**, gateway to Grand Canyon, lodged at the **Americana Motor Hotel**. B-L-D

4th day • Monday • Grand Canyon

Today you see for yourself why Grand Canyon is considered one of the wonders of the world. Four Winds makes sure you see all its beauties—rock formations, animal life, birds without number. Lunch and dinner are at charming **Bright Angel Lodge**. A never-to-be forgotten day comes to a close as you reboard the **Super Chief**, to continue westward. L-D

5th day • Tuesday • Los Angeles

The glamorous capital of the world is awaiting you today—and the luxurious **Beverly Hilton** in the heart of ultra-chic Beverly Hills is your address here. Spend the afternoon sightseeing . . . **Sunset Strip**, **Grauman's Chinese Theatre**, the homes of the movie stars, **Farmer's Market** and more. Tonight you have a date with Four Winds for dinner and dancing at the **Star**, on the roof of your hotel. B-D

6th day • Wednesday • Los Angeles • Disneyland

This promises to be a truly delightful day. This morning you're off to fabulous **Disneyland**, with its **Frontierland**, **Adventureland**, **Fantasyland** and **Tomorrowland**. Your afternoon is free to shop, explore or just take it easy.

7th day • Thursday • Los Angeles • Yosemite

Early this morning your scenic northern trek begins. Via **Techachapi Mountains** and **San Joaquin valley**, to **Fresno**, grape-growing center, with lunch at **Del Webb's Townhouse**. Then **Mariposa Grove**, with more than 600 sequoias including the **Grizzly Giant**, one of the biggest anywhere! Following, high **Sierra Nevada** wilderness before you turn into **Yosemite Lodge**, your overnight stop. Dinner at nearby **Ahwahnee Lodge** with picture windows dramatically framing exquisite views. L-D

FOUR WINDS "GRAND CIRCLE AMERICANA"

23 days from \$1425

The National Parks, California, Northwest and Canadian Rockies

- The top U.S. and Canadian National Parks—Grand Canyon, Yosemite, Jasper, Banff, Waterton Lakes, Glacier Park
- Travel aboard these famous trains: Broadway Limited, Super Chief, Cascade, Super Continental, Empire Builder

8th day • Friday • Yosemite • San Francisco

More spectacular sights to photograph this morning. Like **Bridalveil Falls**, **El Capitan's Granite Prow** or **Half Dome**, sheer-faced landmark. This afternoon, a luncheon stop at **Merced's Pine Cone Inn**. Then, on to San Francisco and the luxurious **St. Francis Hotel**. B-L

9th day • Saturday • San Francisco

San Francisco is famous for its cable cars. So, naturally, Four Winds provides you with a motorized one to see its other sights! Up and down, and all around, you go to **Golden Gate Bridge**, **Twin Peaks**, **Seal Rocks** and lots else. Time for browsing in the stores this afternoon, or napping . . . for tonight **Four Winds** hosts a festive dinner for you and your friendly tourmates at the popular **Sabella's Restaurant on Fisherman's Wharf**. D

10th day • Sunday • San Francisco • Enroute

A morning to do as you choose. Later, cross the **Golden Gate Bridge** to **Muir Woods** for an unforgettable view of its giant redwoods. Then enjoy a spectacular panorama of San Francisco from your dinner table at the **Alta Mira**, nestled in the hills of **Sausalito**. Drive on to **Oakland**, to board **The Cascade**. D

11th day • Monday • Seattle

Breakfast, lunch and scenic window-viewing as your train speeds northward through emerald **Oregon** to **Portland**, where you board another train for a short ride to **Seattle** and your novel, circular hotel there, the **Washington Plaza**, where every room has a breathtaking view. B-L

12th day • Tuesday • Seattle

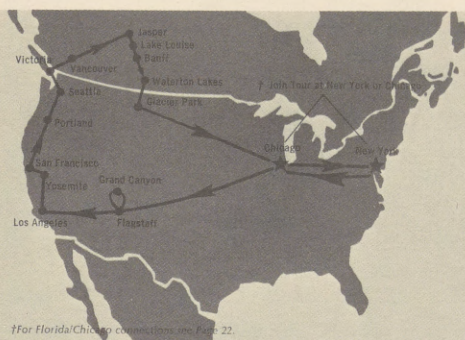
Start your day with breakfast at the 600-foot-high **Space Needle**, where you can enjoy a fabulous panorama of this space-age metropolis that grew, practically overnight, from a frontier town. Then, see the city's sights at ground level . . . **Queen Anne Hill**, **Green Lake**, **Aqua Theatre**, **Arboretum Botanical Gardens** and the museums in the **Seattle Center**. Time to relax this afternoon. B

13th day • Wednesday • Seattle • Victoria • Vancouver

Today brings a change of pace and a change of country too! Cruise across **Puget Sound** to **Victoria** on **Canada's Vancouver Island**. At **Victoria**, have lunch at the **Empress**, then visit **Butchart Gardens**, a 25-acre expanse of magnificent floral displays. Now your ferry, the **Royal Victorian**, floats you into **Vancouver**, on the mainland. Reserved accommodations await you at the **Bayshore Inn**, overlooking a secluded cove and surrounded by a forest-like park. L

14th day • Thursday • Vancouver • Enroute

Your morning's free to spend as you please—but **Four Winds** gives you a busy afternoon touring **Vancouver**! You'll see **Stanley Park**, the University of **British Columbia**, **Lion's Gate Suspension Bridge** and more. Now it's time to board the splendid **Super Continental**—tonight it will speed you to the magnificent **Canadian Rockies**. Be sure to visit your train's **Scenicaramic Dome Lounge** for a fabulous panorama of the star-studded sky. D



For Florida/Chicago connections see Page 22.

15th day • Friday • Jasper

Here you are in beautiful Jasper, all set to enjoy a glorious weekend at one of Canada's most elegantly appointed resort hotels, the **Jasper Park Lodge**, on the shores of Lake Beauvert. Here you'll find luxury with rustic decor—all the comforts of home and more in the midst of the awesome Rockies. After breakfast, climb aboard a deluxe motorcoach and drive to Maligne Lake for a delightful launch cruise, stopping for lunch at the charming **Maligne Lake Chalet**. Spend a refreshing and fun-filled day before returning to the Lodge for dinner and a cozy evening. B-L-D

16th day • Saturday • Jasper

Spend the entire day just as you wish in the fairyland atmosphere of Jasper... all around you, vistas of splendor... snow and ice sparkling in the sunlight on the craggy mountains... a tranquil sapphire lake, shores ringed with deep evergreens... rivers and streams winding their way through lushly carpeted valleys. Your stay here will be unforgettable. B-D

17th day • Sunday • Jasper

Be lively, be lazy—today is all yours. The Lodge offers a large, heated swimming pool, a superb 18-hole golf course and facilities for fishing, tennis, boating, hiking and riding. You'll never run out of things to do here. (Tour K-25 stays at Voyager Inn, Banff) B-D

18th day • Monday • Jasper • Lake Louise • Banff

Be sure to bring along your camera for today will be filled with spectacular sights... some of the most breathtaking scenery in the world! You'll see Columbia Icefield, topping the Continental Divide, 12,000 feet up, like frosting on a giant cake. A fine dinner awaits you at **Chateau Lake Louise**. After dinner continue to Banff for overnight at the **Voyager Inn**. B-L-D

19th day • Tuesday • Banff • Waterton Lakes

Today you head for Waterton Lakes, another of Canada's beautiful national parks... dramatic scenery gracing the route you follow. Four Winds has arranged for a delicious family-style luncheon to be served at the "Flying N." Thus refreshed, continue southward to Waterton Lakes National Park. As you approach it, notice how its peaks rise abruptly from the plains with their remarkable coloring of red, purple, green and gold. Rest your head here at the **Prince of Wales Hotel**. B-L-D

(Tour K-26 stays at Many Glacier Hotel; Tour K-31 stays at Bayshore Hotel)

20th day • Wednesday • Glacier Park

Cross the border into Montana and drive along "Going to the Sun" highway, linking the east and west sides of the park over the Continental Divide at Logan Pass. Sparkling, glacier-fed lakes. Deeply-shaded cedar forests, carpeted with ferns. Broad meadows of Alpine flowers. Maybe even a rare bighorn. Tonight, a festive dinner at **Glacier Park Lodge**. B-L-D

(Tour K-29 stays at Lake McDonald Lodge and Tour K-31 stays at Apper Village Lodge)

21st day • Thursday • Enroute

Take a last whiff of that clear mountain air before you board the **Empire Builder**... you've a wonderful day ahead, relaxing and enjoying the passing scene from your seat in the Vista Dome Lounge as you rail cruise eastward. B-L-D

22nd day • Friday • Enroute • Chicago • Enroute

Chicago welcomes you this afternoon. **Chicago passengers terminate upon arrival.** You'll have a bit of time here to stretch your legs before you climb aboard the Broadway Limited, headed for New York and home. B-L-D

23rd day • Saturday • New York

You're back in New York, and your "Grand Circle" is now completed... wasn't it a wonderful tour? Thanks for coming along! B

All-Inclusive Tour Rates

Per Person

Choose from this wide range of Sleeping Car Accommodations. Sitting Rooms by Day, Sleeping Rooms by Night.

	From New York	From Chicago
Upper Berth	\$1425	\$1215
Lower Berth	\$1525	\$1310

Private Rooms, with Toilet

Single Accommodations	From New York	From Chicago
Roomette, lower bed	\$1625	\$1395
Single Bedroom, lower bed ..	\$1865	\$1625

Double Accommodations

Roomette Suite, two lower beds in facing Roomettes ..	\$1595	\$1375
Bedroom, lower bed & upper bed ...	\$1625	\$1395
Bedroom Suite, two lower beds	\$1865	\$1625

Triple Accommodations

Bedroom Suite, two lower beds, one upper bed	\$1685	\$1460
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Special children's rates are available upon request.

For description of sleeping car accommodations see P. 20.

Hotel Accommodations: Above rates include sharing twin-bedded room with private bath.

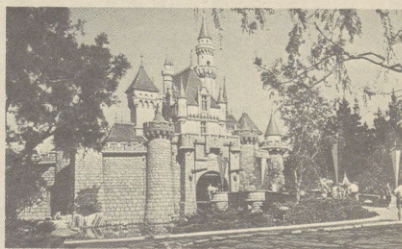
Share Accommodations: For passengers traveling alone, share accommodations can be arranged at a supplementary charge of \$65

Single Room Supplement: \$195

The Cruise Rate Includes

First Class Rail Transportation • Sleeping Car Accommodations • 15 Nights in luxury resorts and hotels • Sightseeing and transfers • Baggage Handling • Fully escorted from New York to New York • All meals aboard the train while en route, plus 27 other breakfasts, lunches and dinners—a total of 45 meals included out of a possible 65... or 69% of all your meals included in the tour rate.

\$250 deposit insures membership... book now... see page 22.



Recapture the fun of childhood at Disneyland

HOW YOU WILL TRAVEL

The Grand Circle-Americana travels on America's great NAME trains and via deluxe motor coach. Here's how you will travel:

- Between New York and Chicago, round trip—Sleeping car accommodations on the **BROADWAY LIMITED**
- From Chicago to California, the Northwest and Canadian Rockies and back to Chicago over the tour route—Sleeping car accommodations on the **SUPER CHIEF**, the **CASCADE**, the **SUPER CONTINENTAL**, the **EMPIRE BUILDER**. All feature **VISTA DOMES** and **DOME LOUNGES**.



FOUR WINDS "ALASKA AMERICANA"

24 days from \$1955

Alaska, the "Inside Passage",
Seattle, Victoria, Glacier
and Yellowstone Parks

- 24 days from \$1955
- All inclusive
- Fully escorted
- New York and Chicago departures
- 16 nights at choice hotels—including Glacier Park Lodge, Washington Plaza and the Empress Hotel
- Cruise through the Inside Passage aboard the new Alaska ferryliner M/V Wickersham
- You'll travel aboard these famous trains: Empire Builder, North Coast Limited, Broadway Limited
- Top U.S. National Parks—Yellowstone National Park, Glacier National Park

TOUR	L-19	L-20	L-21	L-22	L-23	L-24
Depart New York	June 7	June 21	July 5	July 19	Aug. 9	Aug. 16
Depart Chicago	June 8	June 22	July 6	July 20	Aug. 10	Aug. 17
Return Chicago	June 29	July 13	July 27	Aug. 10	Aug. 31	Sept. 7
Return New York	June 30	July 14	July 28	Aug. 11	Sept. 1	Sept. 8

Meals included are shown: B—Breakfast; L—Lunch; D—Dinner.

Discover the wonders of our great national parks and the grandeur of Alaska on this superb vacation. Rail cruise to Chicago, to Glacier National Park and to Seattle, sail across Puget Sound to Victoria on Vancouver Island, cruise the legendary "Inside Passage," jet to colorful Alaskan boom cities, visit Mt. McKinley National Park then board your homeward bound train, stopping enroute to explore Yellowstone National Park.

1st day • Monday • New York

All aboard for adventure! The Broadway Limited glides out of Penn Station in the late afternoon. Have dinner, then sleep well as your train speeds west to Chicago. D

2nd day • Tuesday • Chicago • Enroute

After breakfast, spend the morning seeing the Loop and the beautiful North Shore area. Later, your Four Winds' escort will help you get settled aboard the Empire Builder. Chicago tour members now join the group; become acquainted as you watch the West go by. B-L-D

3rd day • Wednesday • Enroute • Glacier National Park

Rail cruise across "Big Sky" country—miles of corn fields, rolling plains, fields of shining grain, topped by an endless canopy of blue. Before you know it, you're at Glacier National Park where you're expected as a dinner and overnight guest at Glacier Park Lodge. B-L-D

4th day • Thursday • Glacier National Park

A do-as-you-please morning; spend it, if you choose, looking around your hotel. A log palace, it has totem poles, wooden Indians and wooden pillars 40 feet high! After lunch drive through meadows of alpine wildflowers and glacier lilies, along Going-to-the-Sun Highway to charming Lake McDonald Lodge, where you'll have dinner and spend the night. B-L-D

5th day • Friday • Glacier National Park • Enroute

You'll have most of the day to enjoy this scenic wonderland, where vast sheets of ice created the soaring cliffs, exquisite lakes and hanging valleys cleaved by waterfalls. Late afternoon, you'll find your exciting home waiting to take you to Seattle. B-L-D

6th day • Saturday • Seattle

A veritable space-age metropolis, Seattle holds forth a host of sight-seeing delights—Queen Ann Hill, Green Lake, Aquia Theatre, Arboretum Botanical Garden, Chinatown, the historic statue of Chief Seattle and more. The afternoon is free for luxurious loafing at your hotel, the magnificent circular-shaped Washington Plaza. Tonight, Four Winds treats you to a gala "Welcome to Seattle" dinner party atop the famous Space Needle. D

7th day • Sunday • Seattle • Victoria

Change of pace travel this morning and a change of country, too! Sail across Puget Sound on the sleek Princess Marguerite to Victoria on Vancouver Island. Your hotel is The Empress on the Inner Harbor. Following lunch here, Four Winds takes you to Butchart Gardens—25 acres of pools, fountains, flowers, shrubs and trees in one formal garden after another. Return via Saanich Peninsula in time for afternoon tea at the Empress. L-D

8th day • Monday • Victoria • Vancouver • Prince Rupert

Following breakfast, board the Royal Victorian ferryliner for a morning-

long cruise across the Strait of Georgia and through the Gulf Islands to Vancouver. You'll have time to stretch your legs before your northward-bound flight departs for Prince Rupert, a bustling harbor city with sunken flower gardens and original Haida Indian totem poles. Reserved accommodations await you at the Crest Hotel. B

9th & 10th days • Tuesday & Wednesday • "Inside Passage" Cruise • Skagway
Excitement fills the air this morning as you and your fellow travel mates board the superb new M/V Wickersham, largest vessel of the Alaska ferryliner fleet with promenade decks, glassed-in observation lounges, dining room and cocktail lounge. Almost entirely sheltered from the open sea, you journey along the fabled ancient sea road, the "Inside Passage," a spectacularly beautiful chain of channels, sounds and bays. On either side of you, snow-capped mountains rise sheerly from the water's edge. Your ports of call are Ketchikan, the bustling town that's "salmon capital of the world"; Wrangell, former Russian fur-trading post turned lumber-exporting city; Juneau, beautiful and verdant capital of our 49th state; and Haines-Port Chilkoot. Throughout your journey, you'll enjoy all the wonderful amenities of the M/V Wickersham. Certain to be among your interesting shipmates are some "real" Alaskans—Eskimos and Indians. Arrive in Skagway Wednesday afternoon, with the balance of the day for leisure. Overnight at the Klondike Hotel.

11th day • Thursday • Skagway • "Trail of '98" • Whitehorse

Open your eyes to Skagway, and suddenly you're transported to the 1890's. Notice the boardwalks and the old saloons that line the dusty main street, little changed since the Gold Rush. Then board the old White Pass and Yukon Railroad and ride the "Trail of '98" to Lake Bennett for a hearty gold-rusher's lunch, following which you head for Whitehorse. Stay at the Travelers Motel. L

12th day • Friday • Fairbanks

Get a bird's-eye-view of the vast Yukon expanse as you wing your way to Fairbanks in the far north of Alaska. Once settled at the Fairbanks Inn, the balance of your day is at leisure. A fun way to spend some time... visit Alaskaland, a real log-cabin, gold-rush town.

13th day • Saturday • Fairbanks

Four Winds shows you Fairbanks this morning—its residential areas and central business community, the University of Alaska and its museum. Your afternoon is at leisure. Overnight at the Fairbanks Inn.

14th day • Sunday • Mt. McKinley National Park

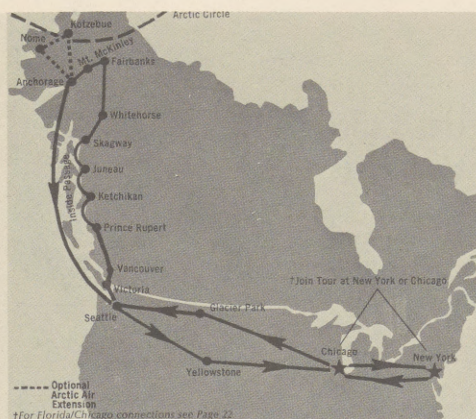
Step aboard an Alaska Railroad Streamliner for a scenic journey through miles of land rich in wildlife to Mt. McKinley National Park. Dinner and overnight accommodations are at the beautiful Mt. McKinley Park Hotel. This evening enjoy a ranger lecture and slide show.

15th day • Monday • Mt. McKinley National Park • Anchorage

There's time to enjoy your beautiful surroundings dominated by Mt. McKinley, highest peak on the continent of North America. Trees and shrubs cover its lower slopes while up above are colorful tundra meadows. This afternoon you're on your way to Anchorage, where you'll enjoy a four night stay at the Travelodge.

16th day • Tuesday • Anchorage

See this modern city that still retains its frontier atmosphere. See Lake Hood and Lake Spenard, and stop briefly at Earthquake Park in the cen-



ter of the Turnagin residential area. Visit a fur processing company where you may buy from the manufacturer. Your afternoon is free.

17th day • Wednesday • Portage Glacier • Alyeska

We leave at 11:00 a.m. and travel south to Iceberg Lake and Portage Glacier. Witness a constantly changing panorama as the massive blue icebergs are blown about the waters. On the way back to Anchorage, you'll stop at Alyeska, Alaska's famous ski resort, for a ride on the chairlift—one of the world's longest.

Optional Excursion \$198 per person

17th and 18th days • Kotzebue and Nome

Join us, if you wish, on an optional air excursion to the Eskimo village of Kotzebue, high above the Arctic Circle, and to nearby Nome. Enroute you fly in the "Shadow of Siberia." In Kotzebue, see blanket tossing, ivory carving. The following day in Nome, you'll relive the days of the Gold Rush. Then return to Anchorage. If you decide to come along, you'll visit Portage Glacier and Alyeska on Tuesday afternoon, the 16th day, instead of on Wednesday.

18th day • Thursday • Anchorage

Spend a full day at leisure in the city often called the Chicago of Alaska. If you like, visit the Indian-Eskimo Workshop, the Fine Arts Museum or take in a performance of Eskimo dancing at the Gilded Cage.

19th day • Friday • Seattle • Enroute

This morning your Alaska Airlines jet takes you high over the Pacific Ocean and back to Seattle, where you'll have time to stretch your legs before boarding your train bound for Wyoming.

20th day • Saturday • Yellowstone National Park

Breakfast is leisurely . . . as you enjoy a second cup of coffee, your train speeds you toward Yellowstone, arriving late this afternoon. Four Winds has arranged for dinner and a two-night stay at the Mammoth Motor Inn. Within viewing distance are Mammoth Hot Springs. B-L-D

21st day • Sunday • Yellowstone National Park

Today explore Yellowstone National Park. See cascading Tower Fall, Norris Geyser Basin and, of course, Old Faithful. Luncheon will be served at the rustic Old Faithful Inn. Afterward, continue your journey past Yellowstone Lake and along the fabulous Grand Canyon of the Yellowstone River—24 miles of sheer rock, 1,300 feet deep, tinted red and every shade of yellow imaginable. B-L-D

22nd day • Monday • Yellowstone National Park • Enroute

After breakfast at the Inn, drive to Livingston where you board the North Coast Limited and head eastward to Chicago, viewing beautiful scenery from the Vista-Dome car. B-L-D

23rd day • Tuesday • Enroute • Chicago • Enroute

You'll have a busy morning exchanging addresses with the Chicago tour members, who terminate upon arrival. Your Four Winds' escort smoothly arranges your transfer to the New York-bound Broadway Limited. B-L-D

24th day • Wednesday • New York

Welcome back to New York. We've certainly enjoyed having you along on this wonderful trip and hope to have you join us again soon. B

All-Inclusive Tour Rates

Per Person

Choose from this wide range of Sleeping Car Accommodations. Sitting Rooms by Day, Sleeping Rooms by Night.

	Private Rooms, with Toilet	
	From New York	From Chicago
Single Accommodations		
Roomette, lower bed	\$1975	\$1765
Single Bedroom, lower bed . .	\$2195	\$1955

	Double Accommodations	
	From New York	From Chicago
Roomette Suite, two lower beds in facing Roomettes . .	\$1955	\$1745
Bedroom, lower bed & upper bed . .	\$1975	\$1765
Bedroom Suite, two lower beds	\$2195	\$1955

	Triple Accommodations	
	From New York	From Chicago
Bedroom Suite, two lower beds, one upper bed	\$2025	\$1795

Special children's rates are available upon request.

For description of sleeping car accommodations see P. 20.

Hotel Accommodations: Above rates include sharing twin-bedded room with private bath.

Share Accommodations: \$60

Single Room Supplement: \$175

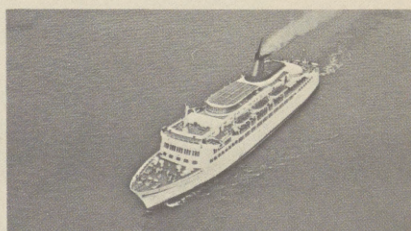
Ship Accommodations: Tour rate includes double inside cabin, upper and lower berths for one night on M/V Wickersham.

The Cruise Rate Includes

First Class Rail Transportation • Sleeping Car Accommodations • 16 Nights in choice resorts and hotels • Sightseeing and transfers • Baggage Handling • Fully escorted from New York to New York • All meals aboard the train plus 14 other breakfasts, lunches and dinners—a total of 32 meals included out of a possible 68 . . . or 47% of all your meals. • All air transportation over tour route.

The M/V Wickersham is registered in Panama and meets international safety standards for new ships developed in 1960 and meets the 1966 fire safety requirements.

\$250 deposit insures membership . . . book now . . . see page 22.



Cruise the Inside Passage on the M/V Wickersham

HOW YOU WILL TRAVEL

The Alaska Americana travels on North America's great NAME trains. Here's how you'll travel:

- Between New York and Chicago, round trip
Sleeping car accommodations aboard the BROADWAY LIMITED
- From Chicago to the Northwest and back to Chicago over the tour route.
Sleeping car accommodations aboard the EMPIRE BUILDER, the NORTH COAST LIMITED, featuring VISTA-DOMES and DOME LOUNGES.

Four Winds lets you choose from this extra-wide range of

Sleeping Car Accommodations

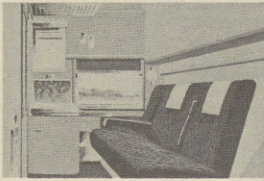
IMPORTANT NOTE: PICTURED ON THESE PAGES ARE
TYPICAL EXAMPLES OF SLEEPING CAR ACCOMMODATIONS.
EXACT FURNISHINGS AND ARRANGEMENTS
VARY FROM CAR TO CAR.

Roomette Suite: Ideal for couples—the most inexpensive accommodations available offering two lower beds. Suite consists of two roomettes facing each other across the corridor. Each roomette is a completely enclosed private room.



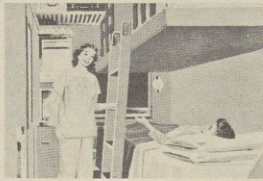
Bedroom: Traveling together? A bedroom will suit two or can provide a comfortable accommodation if sold for single occupancy. It's a completely private accommodation, with a sofa

day



or chairs, carpeting, private toilet facilities. At night it converts into upper and lower beds with individually controlled reading lights and air-conditioning.

night



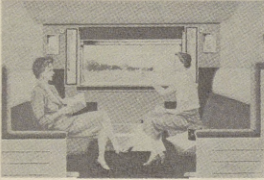
Bedroom Suite: Here's the largest sleeping accommodation available. Two connecting bedrooms convert to one large room when the partition between them is removed. This "Bedroom

day



Lower Berth: Relax and watch the world go by in this comfortable lounge area by day. At night the armchairs convert to a comfortable bed for restful sleep, with individually controlled read-

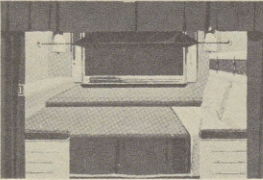
day



ing lights and air-conditioning.

Upper Berth: (Not shown). A comfortable, large bed, curtained for complete privacy. Air-conditioned.

night



Roomette: The ideal accommodation for one! Comfort and economy are well matched in this completely enclosed private room. There is a

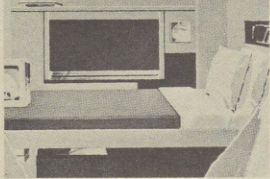
day



Photographs courtesy of Alaska State Ferries, Burlington Northern Railway, Canadian Government

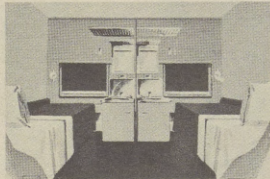
with wide panoramic window, and has a deep cushioned sofa seat that converts into a large lower bed. Private toilet facilities are included in each roomette.

night



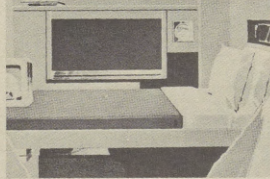
en suite" arrangement features facing sofas or four chairs for daytime travel and entertaining ... at night there are two lower beds, plus uppers, if required.

night



deep cushioned sofa seat beside a wide panoramic window. At night it converts into a large bed. Private toilet facilities are included.

night



Travel with Confidence

With Four Winds, you're in good hands every mile of the way. Each train tour is the result of the many months of devoted planning by our teams of travel experts in co-operation with North America's greatest railroads—including Burlington Northern Canadian National, National Railroads of Mexico, Penn. Central, Santa Fe, Southern Railway, Southern Pacific and Denver Rio Grande.

The Americana Rail Cruise program has gained an excellent reputation, not only among passengers, but among the professionals in the travel industry. In a "hats-off" gesture, the National Association of Travel Organizations recently gave Four Winds a Special Award of Merit for "presenting the public with the opportunity to experience a continent of travel in comfort."



All arrangements are by Four Winds Travel, Inc., largest operator of train tours in the east... with offices occupying a skyscraper floor in New York City. Four Winds is a member of all important travel industry conferences, and for many years has specialized in quality cruise/tour programs Around the World, Orient, South Pacific, Africa, Scandinavia, Mexico, American Wonderlands and Lewis and Clark Expedition... literally to all corners of the globe. Nearly 1,000 tours are scheduled for world-wide operations in 1971. Four Winds is recognized as a leader in the travel industry... and the only winner of 20 travel development awards at recent conventions of the American Society of Travel Agents (A.S.T.A.) where experts do the judging. These awards are your assurance of complete travel comfort and satisfaction.

Passengers Comments About Four Winds' Americana Rail Cruises

"Each successive day for twenty-one days was more exciting than the day before! Very educational! Entertaining! How could anyone not enjoy it."
Mrs. Josephine Alderson, Birmingham, Alabama

"The fulfillment of a lifetime dream... Each place had its special features and to pick out any one of them to be greater than the rest would be impossible."

Mr. & Mrs. F. Burton, Bridgeton, N.J.

"A wonderful relaxing vacation as we had no worries or cares for our escort handled everything very efficiently. Accommodations were very fine and the meals were delicious. I liked traveling with a small group as this gave everyone the opportunity to become acquainted and this makes for friendly relations and a good time."

Miss Mary Krahe, Tarentum, Pa.

"You've done it again! My third trip with FOUR WINDS and a very delightful, interesting and satisfying tour it was! The food was plentiful, different and delicious! The group was friendly to be with!"

Mrs. Elizabeth Thayer, Oakland, Maryland

"It was wonderful! Very enjoyable. The food was very good, the hotels selected were excellent and the guides were very fine. They were helpful, courteous, solicitous for our comfort and welfare."

Mrs. John O'Brien, Flushing, New York

"The tour was excellently planned, the escorts efficient and 'tops' in trying to please, courteous and thoughtful throughout. All in all the tour will go down as AOK in our memories!"

Mr. & Mrs. C. Lester Emmert, Camp Hill, Pennsylvania

"We loved every minute of our trip. Our fellow travelers were a fine group and our tour escorts gave excellent service. They seemed never to forget individual requests and did many favors beyond the call of duty. You are right in saying a tour such as this never ends. It was a wonderful experience which will enrich the rest of our lives."

Mrs. Gertrude Harbin, Royal Oak, Michigan

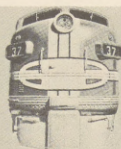
Four Winds®

Take these easy steps to reserve your tour:

- Read this brochure carefully and choose the tour that fits your interests, your vacation time and your budget.
- Ask your travel agent to call the Four Winds "private train" desk at area code (212) 777-0260, or write Four Winds Travel, Inc., 175 Fifth Ave., New York, New York 10010.
- Deposit \$250 (PER PERSON) to secure your place on the tour you want. Final payment is due six weeks prior to departure. Book early—the most popular tours fill up fast and you don't want to be disappointed.
- Receive from Four Winds all the helpful information, documents and tour credentials you'll need for your trip.

The fun begins as you step aboard.

- All the details have been cared for by Four Winds well in advance. You just settle into the holiday routine!
- Long before your Americana Rail Cruise is scheduled to leave you will receive complete information on what to wear and how to pack... departure time and place... detailed itinerary plus Four Winds' baggage tags and a Four Winds' cruise bag.
- **JUST STEP ABOARD:** your reservations on the train and at the select hotels along the way are waiting for you!



ATTENTION, FLORIDA TOUR MEMBERS: Rail connections Florida to Chicago. Florida tour members can conveniently travel by air or rail to join the tours in Chicago. Good connecting rail schedules between Florida points and Chicago are as follows: (Consult your travel agent or Four Winds for latest information.)

SO. #6 Northbound Read Down	DAILY SERVICE ON CITY OF MIAMI OR SOUTH WIND Schedule shown is for City of Miami (One day shown for example)	IC #53 Southbound Read Up
9:45 AM SU	LV MIAMI	AR 7:30 PM WE
10:20 AM SU	LV ST. PETERSBURG	AR 5:25 PM WE
6:10 PM SU	LV JACKSONVILLE	AR 10:25 AM WE
6:35 PM MO	AR CHICAGO	LV 8:40 AM TU

GREATLY IMPROVED RAIL SERVICE EXPECTED IN 1971

At press time, the Department of Transportation, the Interstate Commerce Commission and the railroads were in the process of establishing a quasi-governmental organization, "Railpax," to assume operation of all passenger trains, effective May 1, 1971. Although final details will not be available until March 1971, Railpax promises greatly improved rail service immediately. Since this new system will somewhat modify existing train schedules, it is anticipated that some minor variation in itineraries and slight change in prices may result.

IMPORTANT NOTICE: Four Winds Travel, Inc. acts only in the capacity as agent for the owners and contractors providing means of transportation, hotel or other services, and all tickets are issued subject to any and all terms and conditions under which such means of transportation, hotel or other services are offered or provided, and the issuance and acceptance of such tickets shall be deemed to be consent to the further condition that Four Winds shall not be or become liable for or responsible in any way whatsoever in connection with any loss, injury or damage however caused or arising. Four Winds reserves the right to withdraw the tour, or any part of it, to make such alterations in the itinerary as to it and/or them seem necessary or desirable; to refuse to accept or retain as a member of the party any person at any time and to pass on to the tour members any expenditures occasioned by delays or events beyond its and/or their control.

All services are subject to the law of the country in which they are provided. All rates in this brochure are based on tariffs and exchange rates in effect on December 31, 1970.

REFUNDS: Refunds cannot be made for unused services such as hotels, meals, sightseeing, etc. If you must cancel remaining arrangements enroute, you will receive whatever refunds Four Winds receives from the various transportation companies involved.

Four Winds' All-Inclusive Features



THE RAIL CRUISE PRICE INCLUDES: all expenses, commencing with joining city and terminating with departure city, as follows:

RAIL TRANSPORTATION: Round-trip First Class rail transportation over the tour route.

TRAIN ACCOMMODATIONS: Rate includes sleeping car accommodations as selected, over those portions of the tour route as described under "How You Will Travel" for each tour in this brochure.

At leading hotels as shown in the itineraries, on the basis of two persons sharing a twin-bedded room with bath. If necessary, Four Winds may substitute other hotels for those named in this brochure. Single rooms are available at most hotels, the supplemental charge for a single room is listed following each itinerary. While Four Winds makes every effort to provide single rooms, they cannot be guaranteed in U.S. and Canadian National Parks and Academies. If a single room is not provided where requested, Four Winds will refund a proportionate amount of the supplemental charge at the end of the tour.

AIR TRANSPORTATION: Jet coach between Vancouver/Prince Rupert, Whitehorse/Fairbanks; Anchorage/Seattle included on Alaska Americana program.

STEAMSHIP ACCOMMODATIONS: For one night aboard the M/V Wickham are provided in staterooms with upper and lower berths without private facilities.

MEALS: All meals will be provided aboard your train while enroute (table d'hôte menus) and most meals will be provided in the various cities, national parks and resorts at which you stop, as specified in the itineraries in this brochure.

SIGHTSEEING: All sightseeing specified in the itinerary will be provided by deluxe motorcoaches. Admission fees where necessary are included.

TIPS: All tips for handling luggage at rail stations, piers, airports and hotels during scheduled stopovers; all tips to dining-car waiters on the train and for those meals included in the tour price.

TRANSFERS: All scheduled tour transfers between railroad stations, piers and hotels are included.

BAGGAGE: For passengers occupying roomettes, the handling of one medium-size suitcase is included. (Val-packs are not recommended.)

For each passenger occupying a bedroom or a bedroom suite, the handling of two medium-size suitcases per person is included. Transfer and portage of all luggage is included at overnight stop-over points.

The sturdy, attractive cruise bag given you by Four Winds is your responsibility. Baggage insurance available through your travel agent at a nominal cost, is highly recommended. Four Winds is not responsible for loss or damage to your baggage.

TOUR ESCORT: Four Winds guarantees the services of a qualified, professional tour escort for all matters pertaining to tour operation from New York back to New York.

PLANNING AND OPERATION: The all-inclusive rate covers the costs of professional planning and complete tour operation.

FOR VISIT TO MEXICO: For visit to Mexico, Mexican Tourist Card and proof of U.S. Citizenship (i.e. passport, naturalization papers, birth certificate, voter's registration certificate) are the only documents required by U.S. citizens. For visit to Canada, proof of U.S. citizenship (as specified above) is the only requirement. Your travel agent or the Mexican Government Tourist Department will provide you with the necessary application for your Mexican Tourist Card as well as instructions for its use. An information bulletin covering necessary documentation, health requirements, travel insurance, clothing, baggage advice and suggested reading material will be sent at the time of booking. Final itineraries, mailing lists and instructions as well as all tour credentials will be sent about 30 days before tour departure. In addition, you'll receive a sturdy attractive cruise bag, compliments of Four Winds.

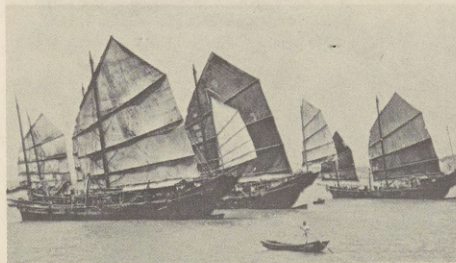
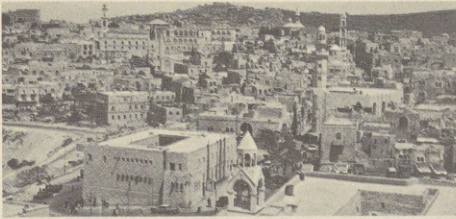
SCHEDULES: The routing and features described in this brochure may be altered as a result of changes in rail, steamship and air schedules, operators'/hotels' policies, etc. The right is reserved to operate the Four Winds' private train(s) either attached to its own locomotives and service cars, attached to regularly scheduled train, or in assigned sleeping car space on regularly scheduled trains.

DISABILITY: Please report to Four Winds any physical or mental disability requiring special treatment when requesting reservation.

CANCELLATION: Your deposit is fully refunded if you cancel your arrangements with Four Winds more than 15 days prior to the tour's scheduled departure (30 days for the Alaska Americana tour). Cancellations received 15 days or less prior to departure (30 days or less for Alaska Americana tour) are subject to a service fee of 5% of the tour rate as well as any charges levied by ground operators, transportation companies and hotels.

WHAT IS NOT INCLUDED IN THE PRICE: Tips to sleeping car attendants, chambermaids, guides, tips for meals and personal services while on board the M/V Wickham and the Alaska ferry liner, escorts and drivers (although customary, these are not obligatory if you wish to express your appreciation on a purely voluntary basis); items of a personal nature such as laundry; those meals not indicated as being included; beverages or foods not on the menu; transportation between your home city and New York or other special joining cities such as Chicago, Newark, Philadelphia, Baltimore or Washington, gratuities for special services; charges for room service.





Other Four Winds escorted vacations

INTERNATIONAL AIR VACATIONS

AFRICA

The "Safari". Highlights of East Africa from the Game Parks to the Ocean Resorts. 15 days—\$575.*

The "Kilimanjaro". South Africa and East Africa featuring Kruger Park and Murchison Falls. 22 days—\$995.*

The "Trans-Africa Explorer". The best of West Africa and East Africa from the Atlantic to the Indian Ocean. 22 days—\$995.*

The "Timbuktu". The best of Central Africa and West Africa. 21 days—\$995.*

The "Grand Africa". The complete tour of South Africa, East Africa, West Africa and North Africa. 35 days—\$1695.*

ORIENT, WORLD AND SOUTH PACIFIC

"South Pacific Highlights". The best of the South Sea Islands, New Zealand and Australia. 23 days—\$995.*

"Grand South Pacific". The South Pacific complete including the Great Barrier Reef, New Guinea, the Solomons, New Hebrides and New Caledonia. 33 days—\$1445.*

"South Pacific/Orient Circle". The best of the South Pacific, "Down Under" and the Orient. 37 days—\$1695.*

"Orient Special". The best of Japan, Taiwan, Hong Kong and Thailand. 15 days—\$639.*

"Fujiyama". The Orient in depth—Japan, Okinawa, Taiwan, Hong Kong, the Philippines, Thailand and Malaysia. 24 days—\$1045.*

"Air/Sea Orient". Japan plus a 14 day American President Lines China Seas cruise to Taipei, Hong Kong and Manila. 22 days from \$995.*

"Classic Around the World". The best of the Orient, India, Burma, Nepal, Kashmir, Iran, Israel, Cyprus, Turkey, Greece and Yugoslavia. 23 days—\$945.* 33 days—\$1345.* 45 days—\$1995.*

SCANDINAVIA

"Skandia Highlights". The best of Norway, Sweden and Denmark. 15 days—\$645.*

"Kaleidoscope". The best of Sweden, Finland, Norway and Denmark. 22 days—\$895.*

"Midnight Sun". Finnish Lapland and the North Cape plus Norway, Sweden and Denmark. 22 days—\$895.*

"Skandia/Dalmatia". Scandinavia plus the highlights of Vienna and Yugoslavia's Dalmatian Riviera. 22 days—\$895.*

MEXICO

"Mexico Extravaganza". The all-time favorites: Mexico City, Acapulco, Puerto Vallarta, the Colonial Circle, Guadalajara, San Jose Purua and Taxco. 16 days from \$595.*

"Mexico Antiguo". Ancient Mexico. South and Central, plus the Yucatan and Cozumel. 16 days—\$665.*

"Pacific Paradiso". Mexico's Pacific Playgrounds: Guadalajara, Lake Chapala, Puerto Vallarta, Mazatlan and Baja California. 16 days from \$665.*

"Mayan Wonderland". The splendors of the Yucatan, Cozumel, Guatemala and Tikal. 15 days—\$655.*

DOMESTIC AIR VACATIONS

WESTERN WONDERLANDS

"Pacific Northwest Extravaganza". The Canadian Rockies and the Pacific Northwest including San Francisco. 14 days—\$625.*

"Wonderlands Extravaganza". The Canadian Rockies, Glacier and Yellowstone National Parks. 14 days—\$675.*

"Western Extravaganza". The Great American West featuring Grand Canyon, Las Vegas, San Francisco and Los Angeles. 14 days—\$545.*

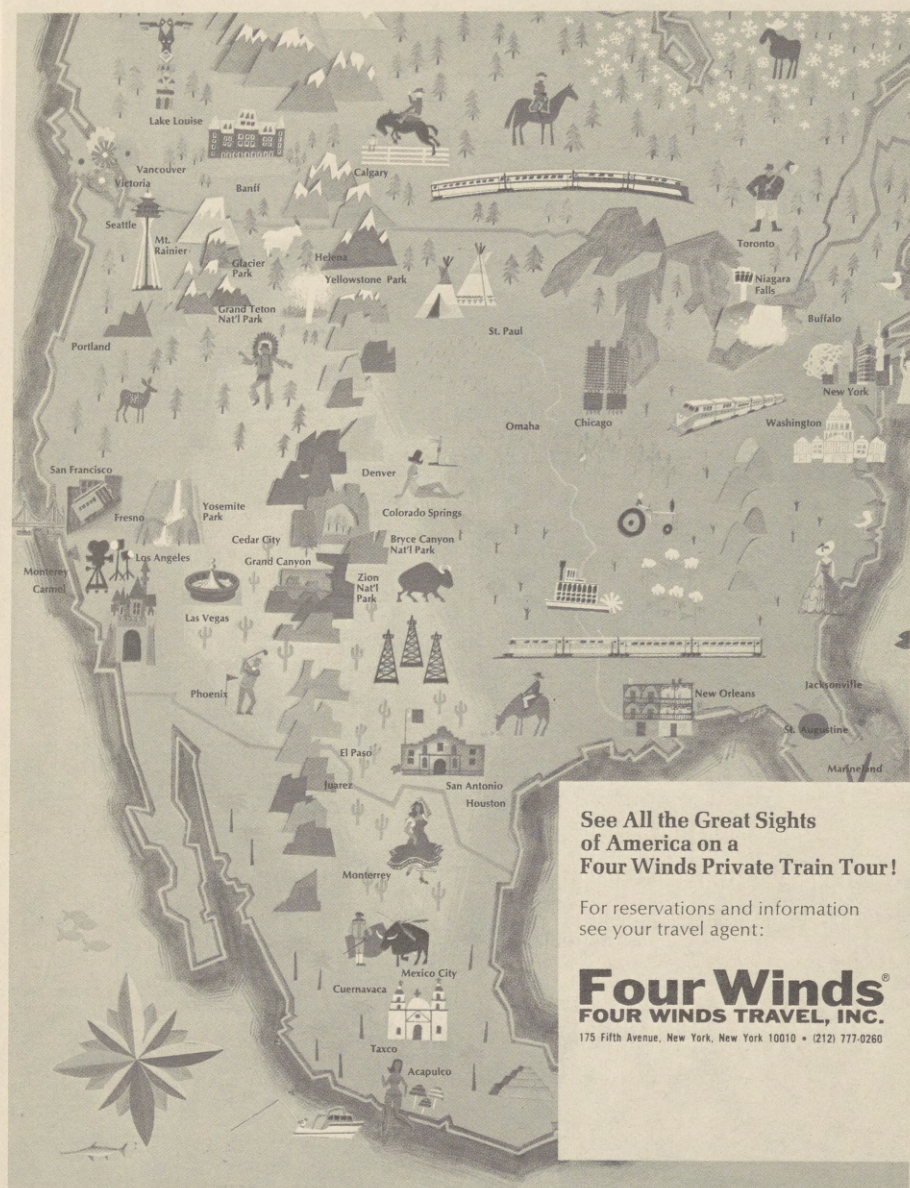
"Alaska Extravaganza". Pacific Northwest, Alaska and an Inside Passage cruise. 14 days—\$745.*

LEWIS AND CLARK EXPEDITION

An all inclusive Historical Tour. Second adventurous season. Fully escorted from St. Louis to the Pacific Coast. 23 days—\$1395.*

*plus air fare.

1—Bethlehem; 2—Pago Pago Harbor; 3—Kruger National Park; 4—Buddhist Temple; 5—Hong Kong Harbor



**See All the Great Sights
of America on a
Four Winds Private Train Tour!**

For reservations and information
see your travel agent:

Four Winds®
FOUR WINDS TRAVEL, INC.

175 Fifth Avenue, New York, New York 10010 • (212) 777-0260

(4/12/71)

FROM: Otto Janssen/RAIL PROMOTION ASSOCIATES
300 Independence Ave SE
Washington DC (202) 543-3820

FOR: Four Winds Travel, Inc.
175 Fifth Ave., N.Y.C.

MAJOR TOUR OPERATOR SEES
INCREASED VACATION RAIL
TRAVEL UNDER RAILPAX

FOR IMMEDIATE RELEASE

Washington D C--- If the experience of one of the nation's largest rail tour operators is any indication, the new National Rail Passenger System will find a lively public interest in taking vacations by train.

Four Winds Travel, Inc., which operates more than 50 transcontinental rail tours a year out of its New York City office, reports a 29 % upsurge in its bookings during the first four months of 1971 over a similar period last year.

Warren Peters, Four Winds' president, attributes the interest largely to the good press that Railpax has been receiving. Railpax will take over virtually all U.S. passenger operations on May 1.

"In recent years," he said, "most of the news about train service has been negative, with railroads downgrading their services and applying for discontinuances. Many people simply assumed that intercity and long-haul trains had gone out of business and stopped trying to get space.

"Since Railpax was announced, the number of inquiries we have been receiving about rail travel has increased dramatically. We are confident that by the time our first tour leaves New York on April 17, interest will have reached a new high level.

"Although the number of trains that will operate over the national system - 184 - is substantially lower than the number now in service, long distance routes have fared relatively well. For example, service will be provided along almost the full lengths of both coasts. Lines will radiate out from Chicago to Seattle, San Francisco-Oakland, Los Angeles, Houston, New Orleans, Florida, New York, Philadelphia and New York," Peters said.

Another factor working in favor of rail vacation travel, Peters feels, is growing public disillusionment over crowded superhighways and a desire to see the country in a relaxed atmosphere.

"If you're in a hurry, the plane is fine," he said. "But if you want to see something more than clouds, or endless stretches of concrete, between cities, there isn't any substitute for the train."

Peters feels that for the first time in many years, travel agents will be making a strong effort to sell rail travel.

"Most railroads refused to pay any commissions for passenger sales so travel agents concentrated their efforts on other modes, mainly airlines. Now, with Railpax in the picture, we can be sure that the Corporation will be offering strong inducements to agents to bring in the business."

Four Winds has been conducting seminars from Boston to Florida for agents to explain Railpax and build their interest in selling rail travel.

"Since mid-February, we have put on 24 seminars and are convinced it is paying off," Peters said. "The agents are showing new confidence and determination to bring vacationers back to the rails."

Four Winds is spending over \$100,000 this year to advertise its tours, which last from 19 to 24 days and cover six- to ten-thousand miles of travel. Its full-color brochure and newspaper advertising and promotion stress the new deal for Railpax users through coordinated connections, better equipment, and improved sleeping car, dining car and other services.

April 27, 1971

STATEMENT OF C. L. DENNIS, PRESIDENT

BROTHERHOOD OF RAILWAY & AIRLINE CLERKS, AFL-CIO

A most serious crisis faces thousands of railway employees because of the way plans are being made in connection with Railpax, now mysteriously and expensively renamed Amtrak. BRAC is directly concerned, because a very large proportion of the people affected are members of our union who work on passenger service functions.

These thousands of railroad people face a grim future: unemployment, demotion to lower-paying jobs, uprooting of families through transfers to new locations, and the prospect of lack of protection despite the law which many Congressmen felt would provide attrition.

This situation is caused by the proposed wide-scale discontinuance of passenger traffic, and by the apparent determination of the executive branch of the government to ignore or to by-pass the protections written into the Rail Passenger Service Act when it was written into law by Congress in 1970.

We are particularly concerned and angered by the certification issued by the Secretary of Labor on April 16, 1971. The Secretary's statement characterized it as a "fair and equitable arrangement to protect the rights of workers adversely affected by curtailment of inter-city passenger service." We in BRAC disagree.

The arrangement is unfair and inequitable. It ignores the will and intent of Congress. It threatens to write a chapter of mass misery, of tragic dimensions, for thousands of railroad workers' families.

It is time for the federal government to halt this travesty. If it does not, BRAC will soon make an appeal to Congress and to the courts to gain the legal protection which these loyal railway employees and their families certainly deserve. This activity will have the highest priority in our union in coming months.

The press release which accompanied Secretary Hodgson's certification of the layoff procedure for rail passenger employees alleges that displaced or dismissed workers will receive monthly cash payments "sufficient to provide them with an income equal to what they would have received had they remained on their former jobs" for up to six years.

What the Labor Department press release did not say is that previous arrangements worked out by BRAC and various railroads have provided for attrition protection for the life of the workers. In many cases there have been provision barring lay-offs altogether, and permitting a process of attrition to handle the situation.

Furthermore, the Labor Department statement for the news media made no mention of the fact that other provisions of the certification arrangement will effectively bar any protection whatsoever for most of the employees adversely affected by the discontinuance of much of our present intercity rail passenger service.

Secretary Hodgson's statement correctly identifies the certification document as in essence "the railroad plan." It is a plan by management

for the protection of powerful stockholders, and if it were to be put into operation, it would flout the needs both of affected employees and the general public.

The railroad management plan, which the Secretary accepted, flouts and contradicts the advice given to the Secretary of Labor by the Interstate Commerce Commission.

The railroad management plan, it is interesting to note, also contradicts the advice given at first to the Secretary of Labor by the Department of Justice. But, amazingly, the Department of Justice then reversed itself completely, all in a time span of 24 hours. It made this rapid about-face after secret conferences, hurriedly arranged, between representatives of the Department of Justice and the obviously persuasive lobbyist-attorney for the Railpax Corporation.

As a result of all of this behind-the-scenes maneuvering and the sudden changes in legal opinions, the Secretary of Labor removed from the certification process a procedure for negotiating and implementing agreements protecting workers before rail service in a particular location is discontinued. This process is essential if workers are to gain the protection Congress promised them.

Once before, in railroad history, this process of advance negotiation was omitted from an agreement - and that time it was by an inadvertent mistake on the part of the I&C. It took five years of intense litigation to correct that error, which the ICC itself later admitted had had "a most devastating effect upon employees" and had resulted in a "callous disregard by the railroads for the established rights and interests of the employees."

In the present case the ICC specifically reminded the Secretary of Labor of the importance of the protective language. Yet with full knowledge of the results of omitting that language - not for some 1,600 employes, as in the earlier Southern-Central of Georgia case, but for tens of thousands of employes throughout the nation - the Secretary acted in accordance with the wishes of railroad management and their suddenly-converted allies in the Department of Justice.

What happened once before by error cannot be permitted to happen again, whether by complete error of judgment or by sinister lobbying by railroad management. The repetition is inexcusable and simply cannot be permitted to happen again.

Yet, incredibly, that is not even the whole mess. There is still more language to help railroad management evade its responsibilities.

The Secretary of Labor's plan, as we have pointed out, deletes essential prerequisite protection provided by the law. That, apparently, was not enough for the railroads. The Secretary's plan inserts additional provisions which virtually insure the railroads against responsibility in any case in which the railroads themselves determine that they will deny the claims of workers affected by discontinuance of service.

On the plea of railroad management, the Secretary of Labor's plan provides language which will permit railroads to argue before arbitrators that they can "prove that factors other than" discontinuance of rail passenger service resulted in the layoff. As a result the railroads can escape responsibility under the law.

After close study, BRAC is convinced, on the basis of its experience in this area, that the plan certified by Secretary of Labor Hodgson will result in depriving upwards of 80 percent of rail employees affected by discontinuance of passenger service of every protection under the law.

This is an intolerable plan coming from the head of a department which by statute is supposed to look out for the best interests of wage earners. We are at a loss to understand this complete appeasement of railroad management and the resulting sacrifice of workers' rights under the law.

Our experience with this personnel problem has reinforced in our mind many doubts about the whole philosophy of Railpax and Amtrak as it is presently contemplated. We know that a growing number of Senators and Representatives, who at first hailed Railpax as a constructive way of handling the passenger train problem, are concerned now about the path that is being followed for the future. They, like us, are coming to believe that Railpax-Amtrak is far less concerned with the needs of the country - for passenger trains, for vital transportation services, for convenience to travelers - than it is with the profit ledgers of the privately owned railroads.

But this is not the way to develop the kind of rail service that America needs for the remaining decades of this century and the years ahead. It is a time to give first priority to the nation's need for transportation service.

This requires retaining skilled and experience workers, not dumping them into unemployment with little or any concern and less protection.

BRAC, as the representative of many thousands of these men and women, will take every action possible to prevent this tragic and blundering injustice. We shall appeal to Congress and to the courts to protect these rights and win fair treatment for these citizens.

BRIEF ANALYSIS OF ARRANGEMENTS CERTIFIED BY
 SECRETARY OF LABOR AS "FAIR AND EQUITABLE
 PROTECTION" FOR RAILROAD EMPLOYEES AFFECTED
 BY DISCONTINUANCE OF INTERCITY RAIL PASSENGER
 SERVICE PURSUANT TO THE NATIONAL RAIL PASSENGER
 SERVICE ACT OF 1970

The Secretary's letter of certification and the attached document identified as "Appendix C-1", containing the provisions for the protection of employees, contain no reasons for the elimination of benefits long established pursuant to Section 5(2)(f) of the Interstate Commerce Act. The Secretary also fails to explain the numerous language changes made from formulae established under Section 5(2)(f) or his reasons for the inclusion of several novel and vague additions to established protective formulae.

There are listed below obvious deficiencies in the Appendix which render it inferior to the so-called "New Orleans Conditions" imposed by the Interstate Commerce Commission under Section 5(2)(f). As a result of these deficiencies, the Secretary of Labor has certified to the Corporation as fair and equitable protection for employees a formula of benefits substantially less than those established pursuant to Section 5(2)(f) of the Interstate Commerce Act.

1. Section 4 of the Appendix eliminates the requirement for any notice to employees of the railroads prior to the discontinuance of intercity passenger train service proposed to be effected on May 1, 1971. The "New Orleans Conditions" by their adoption of Section 4 of the Washington Agreement require at least ninety (90) days advance notice.

2. Section 4(d) eliminates the requirements of Section 5 of the Washington Agreement as incorporated into the "New Orleans Conditions" that implementing agreements providing for the selection of employee forces involved to perform the remaining work following displacement and re-arrangement and providing for the assignment of employees to the remaining jobs must be executed prior to the displacement or rearrangement of the employee forces. Section 4(d) would permit the railroads to take whatever unilateral action they deemed necessary to dismiss and displace employees and to rearrange and assign forces prior to the execution of such agreements. The effect of this provision would be to forever deprive certain employees of their rights which they would secure under the implementing agreements. For example, Section 7 of the Appendix requires a dismissed employee to exercise his option to resign and receive separation pay within 7 days of the date on which he is dismissed. Because of Section 4(d) many employees may resign long before implementing agreements are executed. It is probable that such implementing agreements would transfer the seniority rights of dismissed employees to seniority rosters following which they could bid on comparable positions and remain in the employ of the railroad thereby preserving the many benefits, such as railroad retirement benefits which they would forfeit by resigning and accepting separation pay. In addition, other employees may be required to exercise their seniority at distant points requiring them to sell their homes and move to distant cities. Implementing agreements very probably

would eliminate many such moves but would be executed too late to protect employees who had already transferred.

The requirement that implementing agreements be executed prior to the effectuation of changes in employee forces has been considered by the Interstate Commerce Commission and all arbitrators who have considered the question under the Washington Agreement or the "New Orleans Conditions", as the most important single benefit or protection afforded employees by the Washington Agreement as incorporated into the "New Orleans Conditions".

3. Section 7 of the Appendix effectively eliminates the employee's option to resign and accept separation pay in lieu of the other benefits provided him because it allows an employee only 7 days following his dismissal in which to exercise his option. Section 9 of the Washington Agreement as incorporated into the "New Orleans Conditions" provides an affected employee 30 days within which to exercise this option. The 7 days provided by Appendix Section 7 does not allow a man sufficient time to assess his situation and make a considered decision on so important a matter. Indeed, it is probable that due to the short time allowed to them the dismissed employees affected by the proposed May 1 train discontinuance won't even be aware of the existence of this right in time to exercise it should they desire to do so.

4. Appendix Section 8 purports to protect employees against loss of their fringe benefits as does Section 8 of the Washington Agreement ("New Orleans"). However, the Washington

Agreement protects an affected employee's fringe benefits so long as other employees on his home railroad enjoy such benefits whereas Appendix Section 8 protects an employee's fringe benefits only for 6 years following his adverse effect or as long as other employees have such benefits - whichever is the shorter period.

5. Appendix Section 9 eliminates a most valuable protection afforded employees under Section 10 of the Washington Agreement (New Orleans). Under the latter provision when an employee is required to move his place of residence he is reimbursed for his wage loss during the time necessary for him to transfer and for a reasonable time thereafter (not to exceed two working days) which he may use in securing a place of residence in his new location. Section 9 of the Appendix would restrict an employee's protection against wage loss to three working days regardless of the time necessary for him and his family to move to the new location and to secure a place in which to live.

6. Section 9 of the Appendix by virtue of one minor word change eliminates the protection which "New Orleans" affords employees who are required to move a second time due to the changes effected by the carrier. Section 8 of the Appendix provides that changes in place of residence "which are not a result of the transaction, which are made subsequent to the initial change or which grow out of the normal exercise of seniority rights" are not to be considered protected changes.

By changing the word "and" as it appears in Section 9(c) of the Washington Agreement (New Orleans) to "or", the Secretary has effectively eliminated the protection to be afforded employees in subsequent moves caused by the changes put into effect by the railroads. It is interesting, and not a little confusing, to note that Appendix Section 12(b) which contains a similar provision with regard to loss on the sale of homes was adopted from the "New Orleans Conditions" without changing "and" to "or".

7. Section 10 of the Appendix eliminates retroactive protection for employees adversely affected in anticipation of the discontinuance of intercity rail passenger service by eliminating from the end of the sentence the words "as of the date when he was so affected". The quoted words are found in Section 12 of the Washington Agreement (New Orleans) and appear to be the only words which were removed from that provision when it was placed in the Appendix.

8. The arbitration provision set forth in Section 11 of the Appendix will be a source of continuing litigation because it is one of two arbitration provisions in the Appendix, both of which purport to govern disputes over the "application" of the provisions of such document. In addition, provisions for the constitution of the arbitration committee render the decisions of the committee within the strict control of the railroad party to the arbitration when more than one union is involved in the proceeding. Section 11(b) of the

Appendix provides that when a dispute involves more than one labor organization, each such organization may have a representative on the committee in which event the railroad will have an equal number of members on the committee. Section 11(c) then provides that a majority vote of the committee shall be final. In any arbitration in which the unions involved may be in dispute with each other as well as with the carrier, the carrier members have the power of decision by merely determining with which of the unions it will cast its multiple vote. No arbitration provision in the railroad industry contains such an inequitable provision.

9. Section 11(e) deals with the burden of proof in an arbitration provision. The employee in an arbitration proceeding under the "New Orleans Conditions" has a virtually insurmountable burden of proving that he was affected by a particular transaction. The Appendix certified by the Secretary of Labor increases that burden to the point where it will be utterly impossible for virtually any individual employee to secure any monetary protection under the provisions of the Appendix if that employee's railroad denies his claim to protection. Section 11(e) would permit the railroad to prevail in any arbitration if it could "prove that factors other than a transaction affected the employee." A railroad can always prove that factors other than a train discontinuance were involved in the adverse effect visited upon any particular employee.

10. There are numerous other minor changes which, while they deprive employees of some measure of protection found in the "New Orleans Conditions", are not deemed sufficient to cite herein. However, there is contained in Appendix Section 3 a proviso which would apparently have the effect of depriving employees presently governed by other protective agreements from the benefits of those agreements as well as any benefits which they may have under the Appendix:

". . . provided further that the benefits under this or any other arrangement shall be construed to include the conditions, responsibilities and obligations accompanying such benefits."

This provision is inserted without explanation and is found in no formula of protection established pursuant to Section 5(2)(f). It could be interpreted to mean that an employee presently enjoying a guaranteed rate of pay under a protective agreement which provides that in the event of a decline in business his guarantee would cease, would be restricted to that "protection" and upon the abolishment of his job as a result of the discontinuance of intercity rail passenger service he would be entitled to no protection under either formula.

Another word change which is unexplained and perhaps significant is found in Section 6(d) which would require an employee receiving a dismissal allowance to "accept a comparable position which does not require a change in his place of residence and for which he is qualified and eligible with the railroad from which he was dismissed . . . if his return does not infringe upon the employee rights of other employees under a working agreement." Section 7(g) of the Washington Agreement

(New Orleans) requires such an employee to "return to the service of the employing carrier for other reasonably comparable employment for which he is physically and mentally qualified and which does not require a change in his place of residence, if his return does not infringe upon the employee rights of other employees under the working agreement." The deletion of the words underlined could well result in employees being required to accept demeaning jobs.

It was the absence of a requirement that the carriers execute implementing agreements prior to effectuating the transactions involved in the discontinuance of Central of Georgia work that resulted in the evil visited upon the employees of the Central of Georgia Railroad for over 5 years following its acquisition by the Southern Railway. The Commission in ultimately vindicating the rights of those employees described the application of protective conditions without preceding implementing agreements as "a callous disregard by applicants [the railroads] for the established rights and interests of the employees on the Central of Georgia". (331 I.C.C. at 185.) The Commission described the absence of pre-executed implementing agreements as "the most devastating effect upon employees". (331 I.C.C. at 172.)

In addition to the perpetuation of the evil described by the Commission in the Southern-Central of Georgia case, the Appendix certified by the Secretary contains the evils listed above particularly that which places an insurmountable burden of proof upon individually affected employees.

THE HISTORY OF
THE CERTIFICATION OF EMPLOYEE PROTECTION
ARRANGEMENTS BY SECRETARY OF LABOR UNDER
SECTION 405(b) OF THE RAIL PASSENGER SERVICE
ACT OF 1970

On April 16, 1971, the Secretary of Labor certified as "fair and equitable" an arrangement to protect the rights of employees affected by the curtailment of intercity rail passenger service proposed to occur on May 1, 1971, and thereafter. Section 405(b) of the Rail Passenger Service Act requires that such an arrangement "shall in no event provide benefits less than those established pursuant to Section 5(2)(f) of the Interstate Commerce Act.

In his press release accompanying this document the Secretary describes the protection afforded in terms of full monthly cash payments to affected employees for up to six years.

What the Secretary does not reveal in his press release is the fact that perhaps 80% of the employees affected will receive no protection whatever due to the deletion from the "fair and equitable arrangement" of the single most important protection established under Section 5(2)(f) of the Interstate Commerce Act - the inclusion of Sections 4 and 5 of the Washington Agreement requiring notice to employee representatives and the execution of implementing agreements prior to effectuating changes in operations, etc. which affect employees.

The necessity of the inclusion of such vital provisions in any formula certified by the Secretary was confirmed independently and in writing to the Department of Labor by the Interstate Commerce Commission, which agency has administered Section 5(2)(f)

for over 30 years, and also by the Department of Justice. Despite this counsel the Secretary has refused to include such protection.

The Secretary's certified arrangement has also provided the railroads with a means of avoiding payments to affected employees by merely demonstrating to an arbitrator "that factors other than" discontinuance of intercity rail passenger service were also involved in the adverse effects to employees.

A chronological summary of the events leading to this tragic act of the Secretary of Labor is set forth below.

1. March 10, 1971 - The Secretary of Labor called joint meeting chaired by Assistant Secretary Usery. Representatives of rail labor, rail management and the National Railroad Passenger Corporation (Railpax) were present. Assistant Secretary Usery asked that those present work out a plan of protection for employees. Mr. John Gilhooley, an Incorporator of the Railpax, stated that this was a matter to be resolved by the Railroads and Unions and that Railpax would have and could have nothing to do with it. Railpax thereafter participated in no conferences between the Railroads and the Unions.

2. March 11, 1971 - The first meeting was held between the Unions and the Railroads. The Railroads presented a proposal of "New Orleans" conditions as imposed by the Interstate Commerce Commission under Section 5(2)(f) in many cases but with three major modifications:

- A. Deletion of the employees' right to a 90-day notice and the negotiation of implementing agreements determining the selection and assignment of forces to perform the remaining work as well as the designation of the employees' rights to bid on that work prior to any changes made by the railroads - as contained in Sections 4 and 5 of the Washington Agreement and incorporated into the "New Orleans" Conditions by the Interstate Commerce Commission in 1952.
- B. A rapid arbitration procedure for settlement of all disputes under the protective formula.
- C. Adjustment in the monetary protections to reflect the recently enacted Hours of Service Law.

The chief spokesman for the Railroads, Mr. John Hiltz, closed his presentation of the Railroads' proposal with the ultimatum that if the Unions did not accept it as stated "this is the end of the road".

While the Unions had no objection to negotiating a reasonable arbitration procedure or adjustment in employee monetary protections to reflect the effects of the Hours of Service Law, they could not agree to waive the requirements of Sections 4 and 5 which their experience through five years of litigation in the Southern Railway - Central of Georgia Railroad Case and the Interstate Commerce Commission's ultimate decision in that case had confirmed to be the single most important protection afforded employees under a protective formula as it controls all employee rights and obligations thereunder. In the Southern-Central of Georgia Case the Commission found that the absence of Sections 4 and 5 had had "the most devastating effect upon employees" resulting in "a callous disregard" by the railroads "for the established rights and interests of the employees." (331 I.C.C. at 172 and 185.)

The Unions also had a proposal to offer at this initial meeting with the Railroads. The Unions sought a different type of protection for employees, so-called "attrition" protection. This type of protection had been established pursuant to Section 5(2)(f) in numerous railroad merger cases and was in effect on many railroads throughout the nation. It provided for the abolishment of jobs as attrition occurred through deaths, retirements, resignations, etc. The Unions believed that the attrition rates on railroads - between 5% and 15% per year - made such protection quite practical. In addition, it was the type of protection utilized by the government in the so-called "Firemen's Dispute".

The Railroads rejected the Unions' proposal and the initial conference adjourned.

3. March 22, 1971 - The second meeting was held between the Railroads and the Unions. The Railroads stated they would refuse to discuss "attrition" protection. Counsel for one of the Unions present then suggested three points as a possible basis for continuing the talks: Adoption of the "New Orleans" conditions modified so as to shift the burden of proof in arbitration proceedings under the protective formula from the employee-claimant whom experience had shown cannot sustain such burden, to the party in whose possession are all of the facts involving the operational changes which affected the employee - the railroad employer; a dismissal or displacement allowance equalling the employee's railroad earnings to be provided the employee

for ten years, less all outside income and railroad income if recalled to service within that time; and, the inclusion of the all-important Sections 4 and 5 with substantial restriction on time limits.

Following a private caucus lasting some 45 minutes, the Railroad representatives returned to the conference room and through their chief spokesman, Mr. Hiltz, stated the Unions had presented "three insurmountable obstacles" but that they would call the Unions if they had any further thoughts on the matter and would expect a call from the Unions if the Unions had anything further. In any event, said Mr. Hiltz, he was sure both parties would be available for further conferences at the call of the Secretary of Labor.

4. On Saturday, March 27, 1971, an official of the Department of Labor telephoned counsel for one of the Unions and informed him that the Railroads had drafted a formula of protection and presented it to representatives of the Railpax who in turn had given it to him. This official felt it was necessary to inform the Unions of this occurrence because he understood the Railroad-Union negotiations were still in progress and the formula appeared to afford much less protection than the "New Orleans" conditions.

Examination of the formula by Union counsel revealed that it had been virtually copied from the formula originally imposed in the Southern-Central of Georgia Case and which had resulted in the tragedies described above by the Commission after almost five years of ultimately successful litigation.

This act by the Railroads, of course, effectively terminated negotiations by the Railroads and the Unions.

5. On March 30, 1971, a meeting was held at the Hamilton Hotel with Assistant Secretary Usery and Union representatives. At this meeting Assistant Secretary Usery stated that he understood the need of the employees for a shift in the burden of proof to the railroad in arbitrations under the protective formula. He also stated that he realized the need of basing the monetary protection on a given period of years from the date an employee was affected as well as the need for gearing the protection an employee was to receive to subsequent general wage increases. At this meeting Secretary Usery requested the Unions to submit to him a formula of protection. The Union representatives stated that they believed that "attrition" protection was necessary for effective protection in the event of discontinuance of intercity passenger train service due to the fact that absent such protection numerous employees of the railroads who were actually affected by the discontinuance of such service would never receive the protections to which they were entitled because of the many intervening circumstances that would occur between the actual discontinuance of the trains and the effects upon employees, such as maintenance of way employees, signalmen, etc.

6. On March 31, 1971, a conference was held at the Department of Labor between Undersecretary Silberman, Assistant Secretary Usery, General Solicitor Peter Nash, Attorneys for the Unions and one other Union representative regarding the justification of the certification

of attrition protection. The Unions presented to the Undersecretary a memorandum supporting their position and an overall formula which would accomplish their objectives. The Union representatives were informed that the Department was also conducting discussions with the Railroads and contact would be made with the Union representatives at a later date.

On the evening of March 31, 1971, General Solicitor Nash of the Department of Labor conferred by telephone with General Counsel Fritz Kahn of the Interstate Commerce Commission with regard to the "benefits established pursuant to Section 5(2)(f) of the Interstate Commerce Act" and whether those "benefits" included Sections 4 and 5 of the Washington Agreement as incorporated into the "New Orleans" conditions.

7. On April 1, 1971, General Counsel Kahn wrote to General Solicitor Nash confirming his telephone conversation with him of the previous evening and stating that "conditions insuring employees to notice and negotiation of implementing agreements, as provided by Sections 4 and 5 of the Washington Job Protection Agreement, are within the contemplation of Section 405 of the Rail Passenger Service Act of 1970." General Counsel Kahn quoted from the Commission's opinion in the Southern-Central of Georgia Case and cited several other Commission decisions.

The quotation from the Commission's decision in the Southern-Central of Georgia Case is from page 166 of Volume 331 of the I.C.C. Reports:

"The inclusion of provisions of the type contained in sections 4 and 5 of the Washington Agreement was required, in our opinion, in order to provide the employees the protection to which they were entitled under the statute. Whether spelled out in specific terms, or incorporated through reference to other recognized conditions, viz., the New Orleans conditions, the inclusion of conditions insuring the right of the employees here involved to notice and the negotiation of implementing agreements were indispensable prerequisites in effectuating a valid order of approval in the proceeding." (Emphasis supplied.)

Mr. Kahn's letter concluded as follows:

"These reports, in my view, permit of no doubt that sections 4 and 5 of the Washington Job Protection Agreement are within the contemplation of the protective conditions that apply under section 405 of the Rail Passenger Service Act of 1970."

8. April 2, 1971 - A meeting was held with Assistant Secretary Usery and General Solicitor Nash and representatives of the Unions at the Department of Labor. At this meeting Assistant Secretary Usery informed the Union representatives that the Secretary of Labor would not certify "attrition" protection. General Solicitor Nash stated that the Department of Justice had been requested for an opinion as to whether Section 5(2)(f) required the inclusion of Sections 4 and 5 of the Washington Agreement in the "benefits established pursuant to Section 5(2)(f)". Assistant Secretary Usery informed the Union representatives that the Secretary would certify a formula of protection based upon the "New Orleans" conditions. The Unions thereafter were never requested to submit any ideas on a "New Orleans" type of formula. All further conferences on the formulation of this type of formula were held by the Secretary with the Railroad representative and all such conferences were based upon the original Railroad

formula given to Railpax.

9. April 5, 1971 - The Department of Justice responded to the inquiry of the Department of Labor by letter. Counsel for the Unions was officially informed of the contents of this letter by an official of the Department of Labor who telephoned him and read the letter to him. The letter was quite long and confirmed, in all respects, the conclusions of General Counsel Kahn of the Interstate Commerce Commission as transmitted in his letter to General Solicitor Nash, dated April 1, 1971. This letter from the Department of Justice to the Department of Labor contained a notation at the bottom that a carbon copy of it had been furnished to Mr. H. Chapman Rose, Counsel for Railpax.

10. April 6, 1971 - The Unions are informed that following the receipt of the conclusions of the legal staff of the Department of Justice on the requirements of Section 405, Mr. Rose spoke to officials at the Department of Justice and within 24 hours a second letter was dispatched from that Department reversing its first letter and, of course, also contradicting the conclusions of the General Counsel of the Interstate Commerce Commission to the effect that Sections 4 and 5 are necessary in any formula of protection imposed under Section 5(2)(f) and, therefore, under Section 405 of the Rail Passenger Service Act.

11. April 9, 1971 - Counsel for the Unions was furnished with a copy of the further draft of the Railroads' proposal by General Solicitor Nash who also declared correspondence between Justice and Labor to be "privileged".

12. April 12, 1971 - At the request of Assistant Secretary Usery a meeting was held with Mr. Usery, Mr. Nash and representative

of the Unions. At that meeting the Unions were given copies of the Railroad proposal which had been furnished Counsel for the Unions on April 9, 1971, and informed that this proposal was the basic formula with which the Department was working. The Union representatives stated that this proposal was not in the format of the "New Orleans" conditions and did not contain the essential Sections 4 and 5. They asked if they could present to the Department of Labor a formula which was based upon the "New Orleans" conditions with changes which the Secretary had indicated he was willing to make in it.

The Unions were informed that the certification would be forthcoming in a matter of hours. They informed Assistant Secretary Usery that they could not draft and clear a formula for presentation to the Secretary prior to Friday, April 16, 1971, and asked if they could be given that time in which to furnish their views on what a formula based upon the "New Orleans" conditions should be. Mr. Usery did not know whether such time was available.

13. On Wednesday, April 14, 1971, Counsel for the Unions was informed that the certification would be made momentarily and was provided with a copy of the latest draft which General Solicitor Nash had prepared and had returned to the Railroads for their consideration.

Although this draft as submitted to the Railroads by Solicitor Nash had effectively deleted Sections 4 and 5 of the Washington Agreement as apparently demanded by the Railroads and Mr. Rose of Railpax and as ultimately acquiesced in by the Secretary of Labor, it contained two provisions which would have been extremely helpful to employees in securing the protection

to which they were entitled under the law. These provisions were as follows:

In Article I, Section 11(e) on burden of proof in arbitration proceedings the formula read:

"In the event of any dispute as to whether or not a particular employee was affected by a transaction, it shall be his obligation to reasonably identify the manner in which he believed he was affected. It shall then be the railroad's burden to prove, that he was not affected by a transaction."

In Article V, Section 1 the following language was contained:

"It is the intent of this Appendix to provide employee protections which meet the requirements of Section 405 of the Act and exceed the benefits established pursuant to Section 5(2)(f) of the Interstate Commerce Act. Any ambiguity or uncertainty regarding the application of any term or terms of this Appendix are, thus, to be resolved in favor of employee protection."

14. Upon receipt of the formula submitted to them by General Solicitor Nash the Railroads made certain changes among which were changes in the above-quoted provisions which had the effect of increasing the burden of proof upon employees over and above that which they had had in prior years under the "New Orleans" conditions thereby effectively depriving thousands more employees of the protection to which they are entitled under the law. The provisions as modified and submitted to the Secretary and ultimately certified by him on Friday, April 16, 1971, are as follows:

"Section 11(e). In the event of any dispute as to whether or not a particular employee was affected by a transaction, it shall be his obligation to identify the transaction and specify the pertinent facts of that transaction relied upon. It shall then be the Railroad's burden to prove that factors other than a transaction

affected the employee."

"Article V. Section 1 - It is the intent of this Appendix to provide employee protections which meet the requirements of Section 405 of the Act and are not less than the benefits established pursuant to Section 5(2)(f) of the Interstate Commerce Act. In doing so, changes in wording and organization from arrangements earlier developed under Section 5(2)(f) have been necessary to make benefits applicable to contemplated discontinuances of intercity rail passenger service affecting a great number of railroads throughout the nation. In making such changes it is not the intent of this Appendix to diminish such benefits. Thus, the terms of this Appendix are to be resolved in favor of this intent to provide employee protections and benefits no less than those established pursuant to Section 5(2)(f) of the Interstate Commerce Act."

The latter provision constitutes a contradiction in terms since as concluded by the Interstate Commerce Commission - the most experienced agency involved in the application of Section 5(2)(f) - and the Department of Justice - in its original decision in this matter - Sections 4 and 5 of the Washington Agreement are the single most important benefits established pursuant to Section 5(2)(f) and they are effectively removed in the very formula in which Article V, Section 1 appears.

15. Counsel for the Unions was informed by a telephone call from the Department of Labor on Thursday, April 15, 1971, that the final version of the formula had been received from the Railroads on that day and would be certified by the Secretary the following day.

16. At approximately 10:25 a.m., April 16, 1971, counsel for the Unions were telephoned by Mr. Nash and informed that the Secretary had just certified the formula and that copies of it were available at Mr. Nash's office.



NATIONAL ASSOCIATION OF RAILROAD PASSENGERS

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June 28, 1971

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Mr. David E. Bradshaw, Director
National Railroad Passenger Corporation
955 L'Enfant Plaza, S.W.
Washington, D.C. 20024

Dear Dave:

I have your letter of June 17 in which you complain about the treatment given by our May Newsletter to the testimony of General Besson before the Senate Commerce Committee on April 28.

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The thrust of General Besson's comments is that in the end analysis, AMTRAK must rely on the good will of railroad management to provide attractive and efficient passenger service. Since receiving your letter, I have carefully re-read the transcript. Nothing that you or Mr. Kendall said rebuts the candid admission of General Besson. Accordingly, I do not believe that we used his testimony out of context or otherwise unfairly.

You are correct that there are provisions in the contract for arbitration, and that the Corporation may always resort to the courts. However, arbitrator and court alike must be governed in their decisions by the contractual duties and obligations imposed upon the parties. Sections 3.1, 3.2, 3.3, and 3.7 contain no specific standards of service which can be effectively enforced.

Section 3.1 states that initial services of the Corporation "shall be compatible with the physical capabilities of railroad". Section 3.2 provides that additional or modified services requested by the Corporation "shall be subject to the physical and financial capabilities of railroad and shall give due regard to railroads' speed, weight and similar operating restrictions and rules and safety standards and to the avoidance of unreasonable interference with the adequacy, safety and efficiency of its other railroad operations."

EXECUTIVE DIRECTOR

Joseph Vranich

EXECUTIVE SECRETARY

Ann Hagemann

Section 3.7 recites that use by NRPC of railroad facilities "shall give due regard to railroads speed, weight and similar operating restrictions and rules and safety standards and to the avoidance of unreasonable interference with the adequacy, safety and efficiency of railroads' other operations." The above provisions are qualified in section 3.2 and 3.7 by the admonition to the railroad that "recognition shall be given to the importance of fast and convenient schedules and passenger comfort and convenience to the success of NRPC's intercity rail passenger service." Railroads are further obligated under section 3.3 to "provide services hereunder in an economic and efficient manner" and to "give appropriate recognition to the importance of on-time passenger train operations and passenger comfort and convenience. Railroad shall make every reasonable effort to maintain the schedules established by NRPC for its inter-city rail passenger service."

These provisions do not give the Corporation effective control over costs and standards of service. First, the obligation to "recognize the importance" of fast, dependable service is far removed from an obligation to in fact provide such service. Second, contractual requirements that proposed services be subject to the physical and financial capabilities of railroads, and that due regard be given to speed, weight, and other restrictions, rules, and standards and to the avoidance of unreasonable interference with other traffic, give railroads a big advantage in any controversy which may arise. Third, use of the terms "fast and convenient", "comfort and convenience", "reasonable effort", "economic and efficient", and "appropriate recognition" in effect allow the railroads to do just about as they please. Upon complaint by AMTRAK, railroad representations of compliance with these vague admonitions will inevitably be accepted by arbitrator or court as presumptively valid, and the Corporation will be saddled with the virtually impossible burden of rebutting them.

In my opinion, the Corporation's position is not saved by the provision in section 3.3 that "from time to time NRPC will deliver to railroads, pursuant to section 3.2, requests regarding manner and standards of operations designed to refine and make precise the foregoing and to bring about nationally high and uniform standards of intercity rail passenger operations". First, NRPC's right may well be construed as restricted to the delivery of requests.

The railroad is not specifically obligated to comply with such requests. It's obligation to do so under section 3.2 extends only to modified or additional services. Second, even if the contract is interpreted so as to require the railroads to comply, such requests nevertheless "shall be subject to the physical and financial capabilities of railroads and shall give due regard to railroads speed, weight, and similar operating restrictions and rules and safety standards and to the avoidance of unreasonable interference with the adequacy, safety and efficiency of the railroad operations". This gives the railroad almost unlimited grounds to reject such a request and return it to the Corporation. The Corporation would then face the time-consuming burden of proving that such action of the railroad violated the contract.

You and Mr. Kendall testified at the hearings that the Corporation can compel a railroad to shape up by threatening to withhold payments for services. This presumes that the Corporation would be able to get a mandatory injunction against the railroad to compel it to keep performing services while at the same time the Corporation withheld payment for past services on the ground they were not up to standard. This seems highly doubtful. Section 3.1 specifically makes the obligation of the railroad to provide services subject to and in accordance with the terms and conditions of the agreement, which includes payment of the stipulated compensation. Obligation to provide service at a rate of compensation fixed by the ICC is specifically conditioned upon payment by the Corporation by the language of section 402(a) of the statute. As a practical question, I think it would take the necessary months or years for an arbitrator and/or a court to interpret the contract and rule that the railroad was in fact falling short of its obligation before the Corporation could in fact withhold payment, unless it was willing to let the railroad stop running the train during the course of such litigation. Withholding of payments by the Corporation seems a very hollow threat.

For reasons stated above, we repeat that the only thing that the Corporation has going for it is the good will of railroad management, of which there is precious little toward passenger service.

In closing, I would like to make clear that our fundamental quarrel with AMTRAK at this time is not the deficiencies in the contracts. It is the apparent refusal of AMTRAK to build its own organization with its own employees to run its trains and provide the service which it must sell to the public. My own observations on AMTRAK trains since May 1, together with reports we have been getting from our members, indicate that each railroad running AMTRAK service is doing business in the same way as they did before May 1 - whether good, bad or indifferent - the big change being that there are far less trains. Furthermore, we are getting reports from members that railroads are deliberately padding the cost of services provided AMTRAK, or at least failing to exercise effective cost control. This situation is certain to get progressively worse until the management of the Corporation assumes its responsibilities.

Attached to this letter is a copy of the letter written by Gerald D. Morgan to Senator Robert Griffin in response to a complaint from a constituent. Mr. Morgan reaffirms the thrust of testimony before both the House and the Senate during the last week of April that the Corporation intends to rely on service contracts with the railroads rather than building its own operating organization. The second paragraph of this letter is an evasion of the issue. No one has suggested that AMTRAK go out and hire entirely new employees and train them to operate trains. The statute requires that AMTRAK give employment preference to persons now working for the railroads. What we do insist upon as essential is that AMTRAK take over all such employees whose full-time duties are solely related to the operation of AMTRAK trains. I am confident that the vast majority of railroad employees could do an excellent job were they given adequate motivation and supervision, which for so many years they have not had from the railroads. The essential ingredient is that they be drawing an AMTRAK pay check and subject to direct AMTRAK supervision in the performance of their duties.

Mr. Morgan's letter implies that things will be different because now the railroads no longer have an incentive to drive passenger business away in hopes of getting permission to abandon it. Be that as it may, the other side

of the coin is equally true - the railroads now have no incentive to maximize passenger train revenues and thus minimize losses by operating the trains as attractively as possible. And at least as important, they have no incentive to operate trains as efficiently and economically as possible consistent with the provision of high quality service - they can just send the bills to AMTRAK. Central to both of these questions is proper motivation and supervision of employees - which the railroads have no incentive to provide. Contrary to Mr. Morgan, whether an engineer or brakeman is a railroad or AMTRAK employee is far more than a 'technicality' - it is really the whole ball game.

The public and the Congress expected that the creation of AMTRAK would result in the actual operation of rail passenger service by AMTRAK on a truly integrated, unified basis. As of this date, all that AMTRAK has done is to serve as a conduit for subsidy payments to the railroads. The AMTRAK concept was eagerly accepted by Congress for precisely the reason that many members were opposed to handing the railroads a subsidy to perform the same old jazz. If AMTRAK is to ever gain public confidence and acceptance, it must commence immediately to build its own organization to run its own trains.

Sincerely,



Anthony Haswell
Chairman

Encl: 1

cc: Roger Lewis
David W. Kendall
Frank S. Besson, Jr.
Robert Neuschel
David A. Watts, Jr.
Gerald D. Morgan
Bruce Pike
Carl V. Lyon

NATIONAL RAILROAD PASSENGER CORPORATION

955 L'ENFANT PLAZA NORTH, S.W. • ROOM 8060 • WASHINGTON, D.C. 20024 • Tel (202) 554 - 5700

June 4, 1971

Honorable Robert *B. C.* Griffin
United States Senate
Washington, D. C. 20510

Dear Senator Griffin:

Your May 18 referral to the Department of Transportation of correspondence from your constituent, Mr. Robert C. Grant, of Traverse City, has been forwarded to us.

At present, the National Railroad Passenger Corporation has no plans to directly employ operating personnel. It would take a great deal of time and expense to develop anew a large corps of Amtrak employees capable of running the trains. It takes considerable skill to get a passenger train from point A to point B, and if such personnel were to be hired by Amtrak, the most qualified candidates for the work would be those men already engaged in the service.

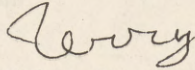
What is really at question is the matter of attitudes concerning service to the passengers. Preliminary results from our first weeks of Amtrak operations confirm our belief that under the new Amtrak arrangements, railroad passenger employees are as eager as anyone to see our efforts succeed.

Railroad management no longer need confront the deficits of the passenger service; responsibility for these losses has been assumed by the corporation. Accordingly, the railroads now have nothing to lose by being nice to

passengers, and quite a lot to gain. Whether an engineer or brakeman therefore is a railroad or Amtrak employee is really somewhat of a technicality.

I hope this response is helpful to you. Please let me know if we can be of any further assistance.

Sincerely,

A handwritten signature in dark ink, appearing to read "G. Morgan", written in a cursive style.

Gerald D. Morgan,
Vice President
Government Affairs

GDM/mk/bm

NATIONAL RAILROAD PASSENGER CORPORATION

955 L'ENFANT PLAZA NORTH, S.W. • ROOM 8060 • WASHINGTON, D.C. 20024 • Tel (202) 554 • 5700

DIRECTORS:

DAVID W. KENDALL, Chairman
FRANK S. BESSON, JR., Vice Chairman
CATHERINE MAY BEDELL
DAVID E. BRADSHAW
JOHN J. GILHOOLEY
ARTHUR D. LEWIS
CHARLES LUNA
JOHN P. OLSSON

June 17, 1971

Mr. Anthony Haswell
National Association of Railroad Passengers
417 New Jersey Avenue, S.E.
Washington, D.C. 20003

Dear Mr. Haswell:

I am in receipt of a recent copy of the newsletter of the National Association of Railroad Passengers and in going over its contents I note the quote you took from the testimony before the Senate Commerce Committee on April 28th under the heading of "Nuff Said".

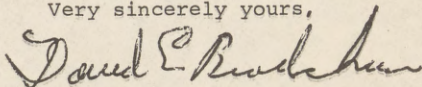
I think is an extremely lopsided presentation for if you will check the transcript of the proceedings, I believe you will find that I discussed with Senator Hartke the matter of enforcing better service from the respective railroads and pointed out to him the specific provisions of the contract covering this point and the implementation available to us by way of court action and arbitration.

It seems to me to be eminently unfair for you to select a few lines from a transcript of proceedings and completely ignore the rest of the transcript and its contents which pertain to the same point.

In my years of practicing law, I have found that it is very easy to distort a picture by merely lifting from any transcript certain questions and certain answers which conveniently support the posture of a proponent of one side of an issue or the other.

Perhaps I am being unfairly critical of your article, but as you know or I hope you do, we are doing our best to improve the situation and I at least think that a little more accurate reporting would be helpful.

Very sincerely yours,



David E. Bradshaw

ASSOCIATION OF

AMERICAN RAILROADS

AMERICAN RAILROADS BUILDING · WASHINGTON, D. C. 20036

STEPHEN AILES

President and Chief Executive Officer

April 29, 1971

The Honorable Warren G. Magnuson
United States Senate
Washington, D. C. 20515

Dear Mr. Chairman:

The railroads have not been asked to appear before the Senate Commerce Subcommittee considering Amtrak matters, yet they are a real party in interest insofar as an extension of the Amtrak commencement of operation is concerned.

If the effective date of the Amtrak operation is extended for six months, the railroad industry will be subjected to crippling losses through no fault of its own, as a penalty for complying literally with Congress' instructions, all as the result of a dispute in which it has had no part.

Twenty of the twenty-two passenger carrying railroads have signed contracts with Amtrak, have accepted the obligation to render service for twenty-six months for which they will barely be paid out-of-pocket costs. Pursuant to the statute, passed by Congress, these railroads posted notices informing the public of the discontinuance of all trains not in the Amtrak system,

In preparation for that change in operations, these railroads have not sold tickets for use on these trains after May 1, have not promoted through advertising or otherwise the use of these trains, have permitted employee rosters to decline, have discontinued maintenance on equipment (which Amtrak will not need) and in general have operated on the assumption that the trains will not run after the statutory date.

If the Amtrak date is extended, new employees (who acquire job protection rights under the statute) will be hired, a considerable expenditure for equipment repair will be made, and trains will be run with practically no passengers on them whatsoever. Furthermore, unless specific provision is made, the present freeze on train

discontinuances which the Amtrak statute contains will be extended for six months. No procedure will exist during this period to discontinue a train even if it has no passengers at all.

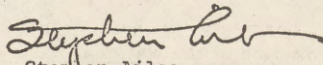
The loss to the railroads from the extension over and above the loss that would have been incurred had the statute never been passed, has been estimated at between 75 and 100 million dollars.

The proposed extension grows out of a dispute between certain Senators and Congressmen over the route system proposed by Amtrak. While the railroads, after years of passenger losses, sympathize with Amtrak's desire to cut back and avoid uneconomic service, the fact is that the railroads have had nothing to do with the design or designation of the system.

Yet a severe and unconscionable penalty will be inflicted on them, for literally following and complying with Congress's express direction embodied in the statute.

We submit that there must be some other way of resolving this dispute, some way that avoids so unfair a result and so much economic waste.

Respectfully submitted,


Stephen Ailes

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April 27, 1971

Senator Warren G. Magnuson
Chairman, Committee on Commerce
United States Senate
Washington, D.C.

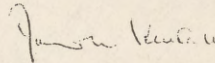
Dear Mr. Chairman:

As you know, May 1 marks the end of the period during which the Incorporators of the National Railroad Passenger Corporation (NRPC) have acted as an interim Board of Directors. It seems an appropriate time, therefore, to submit, at least in a preliminary sense, an account of our stewardship to the Senate Committee on Commerce.

Accordingly, we have prepared the enclosed memorandum, entitled Organization of the National Railroad Passenger Corporation, describing briefly our activities to date and our view of the future prospects for the Corporation.

We expect, sometime within the next month, to prepare a more comprehensive report to the President and the Congress.

Sincerely,



David W. Kendall

ORGANIZATION OF THE NATIONAL
RAILROAD PASSENGER CORPORATION
A PROGRESS REPORT OF THE INCORPORATORS
TO THE SENATE COMMITTEE ON COMMERCE

During the past three and one-half months we have reviewed progress informally with you and members of your Committee upon several occasions. As we approach May 1 and the end of our service as an interim Board, we, the Directors of the National Railroad Passenger Corporation, believe it appropriate and helpful to take stock more formally of our stewardship. In brief, this report views accomplishments to date and looks ahead at prospects for the corporation over the next few years.*

In retrospect, the task facing the Incorporators when we started early in January of this year was formidable. It was to create from scratch an organization and the management processes necessary to take over, operate, and revitalize intercity passenger trains on a national basis. To fully appreciate the enormity of this task it is necessary to reexamine the congressional mandate given the Incorporators. Stated briefly, the mandate calls for:

1. Providing modern, efficient, intercity rail passenger service
2. Employing innovative operating and marketing concepts to fully develop the potential of modern rail service in meeting intercity

* - Within a month we will submit a comprehensive report to the Congress and the President. This document will serve as an advanced summary of that final, fuller report.

transportation needs, and

3. Operating as a for-profit corporation.

Thus, NRPC is faced with the challenge to begin the revitalization of the U.S. rail passenger system and to run it in a manner that had been unobtainable recently by the railroads themselves. And most demanding of all is the requirement to put rail passenger service on a reasonably sound financial basis.

The commission by the Congress must be evaluated in terms of where rail passenger service stands today. Quickly the situation is this. With a few notable exceptions, rail passenger service in the country has eroded - both in image and in fact - to a low level. Reflecting the growth in air and auto travel and a corresponding decline in rail passengers, the number of trains in operation has declined from about 6,000 at the close of World War II to fewer than 400 today. And the quality of services provided on and in support of these trains has been severely diminished. Equipment on trains has deteriorated in appearance, cleanliness, comfort, and level of maintenance. At the same time, deficits for all intercity rail passenger services have grown to an annual level ranging from \$235 to \$410 million (depending on the cost basis used) on current, annual revenues of some \$600 million.

From the outset the Incorporators gave much thought to their difficult challenge - i.e., turning around a key but badly eroded element of the transportation system by rebuilding both the image and substance of rail passenger

service. Clearly, the enormity of the task emphasizes that early progress can at best be modest. Thus the underlying thrust of the Corporation's efforts must be aimed at a gradual revitalization of public confidence in rail passenger service by demonstrating an early increased regard for passenger needs through recognized service improvement. Any belief that such a revitalization of public confidence can be done quickly is unrealistic. Running empty trains is not the path of success. In other words we do not want to keep trains running for the sake of having them - to uphold civic pride or to continue providing jobs at government expense that cannot otherwise be economically sustained. Rather, the purpose is to bring people back to riding the trains and thereby make rail passenger transportation a viable service utilized by a significant share of the population.

Also, much thought was given to the best strategy for achieving revitalization of all rail passenger service. The Incorporators believe they reflect congressional intent in adopting an approach that includes: (a) starting with a lean basic system covering the routes of highest ridership demand; (b) developing innovative marketing concepts; and (c) gradually expanding the system as public confidence is renewed and prudent finances permit. This approach has at least two advantages that we believe are vital to the ultimate success of the entire undertaking. First, such an approach will reduce losses to the point where the infant Corporation can cope with them. It is imperative that the new Corporation establish a reasonably sound economic base at the outset to give it a chance to survive and ultimately to expand on a healthy basis. Only in this way, we believe,

can subsequent increases in service be judiciously provided. Second, a reduction in the number of trains to be run will permit concentration of efforts and the monies the government spends on the areas of highest ridership potential. This step will permit the Corporation a better chance of upgrading the quality of service and demonstrating service improvements to the train-riding public.

Thus, from the outset the Incorporators emphasized quality of service above considerations emphasizing the number of trains to be run. Once this basic system is functioning and the railroads' service image improved, attention will be turned to identifying the potential opportunities for expanding the system and the range of services to be offered. In summary, this approach will avoid continuing the operation of near-empty trains and permit the concentration of management attention on the critical task of learning how to bring passengers back to the railroad.

MAJOR ACCOMPLISHMENTS TO DATE

Mindful of these exacting congressional expectations and the realities of today's eroded rail passenger service, the Incorporators undertook their responsibilities on December 30, 1970. During the intervening three and one-half months, all of the major tasks have been completed that are necessary to a May 1 takeover of intercity rail passenger operations. In brief, contractual and operational arrangements have been thoroughly completed to ensure a smooth start-up by the NRPC on May 1.

We believe it helpful to you and your Committee if we briefly review the major tasks completed in getting ready for the May 1 takeover. There were many that required urgent attention; we summarize a few of the most significant.

1. Selected interim staff. Out of a necessity to quickly find highly qualified personnel to carry out staff work, the Incorporators sought the services of several professional firms. Four kinds of expertise were obtained for the purpose of serving the role of interim staff.

- a. Management consultants. A leading management consulting firm was retained to provide the needed management staff while the NRPC Incorporators carried out the demanding executive talent search necessary to build its permanent organization. Personnel from this firm performed such tasks for us as: (1) development of an organization structure and defining the types of skills and experience necessary to fill it; (2) development of planning and operational processes for May 1 start-up; (3) development of recommendations for routes, train schedules, and consists to be operated by NRPC; and (4) preparation of financial projections and a marketing program to guide early operations.

- b. Technical and engineering consultants. A technical consulting firm specializing in the railroad industry

was retained to aid us in identifying and evaluating the rolling stock needed to carry out planned operations. This firm also assisted in evaluating routes and determining the levels of terminal operations needed.

c. Legal assistance. The Corporation has utilized the services of several of the nation's leading law firms to provide the expertise needed to deal with the many complexities of contract negotiations with the railroads and the numerous other legal problems involved in executing our congressional mandate. These law firms also represented the Corporation in its efforts to achieve compliance with the requirements of various federal, state and local governmental agencies related to establishing the Corporation and getting it into operation.

d. Public accounting. Two major accounting firms were retained to analyze the railroads' accounting records as a basis for the sound determination of the value of contracted services as well as to verify the relative economic viability of specific trains. One of these firms also helped us think through, in a highly

imaginative way, the many complex issues leading to the determination of the cost bases for carrying out contract negotiations. This firm also analyzed the impact of various alternative cost formulas on our fledgling Corporation and will set up basic financial processes and controls for ongoing corporate operation.

Subsequently other types of outside services were retained such as executive recruiting services, advertising, and public relations. Only by retaining such outside consulting services - which were made immediately available to us - could we have been able to complete on time the requisite start-up tasks by May 1.

2. Determined plan of organization. An organization structure was developed early in our work to determine the key management positions that had to be filled. Corresponding position descriptions and skill requirements were developed to help the executive recruiters find the necessary talent for the new organization.
3. Developed service packages. Service packages were developed for each of the 21 city pairs. These service packages were designed to specify for each city pair the routes, station stops, train frequency and schedules, customer services, equipment and staffing requirements, and fares. This was the most difficult task the Incorporators undertook. There was always the need to find a reasonable balance

between public service and economics, and in many cases the answers were far from clear cut.

At the outset, exacting selection criteria were established as a basis for making more rational and consistent route decisions. Briefly stated these criteria were:

- Market opportunity. Population along routes and passenger traffic between major cities en route.
- Cost economics. The level and proportion of losses experienced over current routes and by individual trains operating over these routes.
- Ridership. Current and past ridership along routes and on specific trains. (This measure was used carefully because we realized poor service in the past could have driven away riders who under better conditions could have been customers.)
- Physical characteristics. Current condition of track and roadbed, particularly as it affects speed, safety, and future capital demands. Also, unusual natural beauty along the routes.
- Alternative modes. Adequacy of other means of travel for the public along routes to be eliminated.

We believe adhering to these criteria represented a rational approach to making the difficult choices between route alternatives. The criteria were applied rigorously and uniformly against each of the routes to be considered. Obviously these criteria cannot be mechanically applied - careful judgments were necessary in weighing the answers to each criterion. Importantly, however, this process did develop all of the relevant facts so that our judgments could be more meaningfully and uniformly made.

4. Established contracts with railroads. After preparation of a draft contract, negotiations with the railroads started at the end of January. On April 16 the last roadblock was removed when the Secretary of Labor certified the labor agreement. By April 27 nineteen of the twenty-five railroads to whom contracts were tendered had signed. Of the six railroads remaining, we expect the Penn Central will have signed by the time this memorandum is delivered. Two others, the Southern and Alabama Great Southern have chosen not to join. They will continue operating all passenger trains over their routes and have pledged to cooperate with us in coordinating schedules and other matters. The Denver and Rio Grande Western, fearing interference with its freight operations, has also decided not to join and will continue current passenger operations. The remaining two, the Candadian National and the Canadian Pacific, are insignificant in terms

of our domestic passenger rail network and we expect their decisions shortly.

We believe we have a good contract, though surely it did not achieve all that we desired. The most significant feature of the contract is the cost formula. Payment for services by the railroads will be based on avoidable costs (i. e., out-of-pocket costs related solely to passenger service) plus 5 percent to compensate railroads for those costs that are clearly combination (i. e., a signalman). The cost formula - which avoids our assuming any of the railroads' overhead costs and reflects Congress's wisdom in refusing to make the Corporation a vehicle for generous expenditure of federal funds - is indeed favorable from the standpoint of NRPC. The cost formula, in turn, will have a favorable impact on the operating economics of the Corporation.

5. Developed financial plans. Considerable time and talent went into financial planning and control. First, decision procedures and control measures were set up to provide careful checks over the expenditure of funds necessary during the start-up period to May 1. As a result, by May 1 we will have expended less than \$4 million of the \$40 million grant you gave us to initiate operations. More significant, however, was the development of annual projections for five years into the future of estimated revenues, costs, profits,

and capital requirements. As we approach May 1 and have a better idea of investment needs - primarily for equipment and terminal rationalization* - these projections are increasingly useful, particularly in estimating our future need for additional monies beyond present funding. The projections show that for the first year (following May 1, 1971) operating losses will equal about \$100 million. However, the Corporation can likely operate for the first three years without additional funds beyond those already provided. A complete turnaround - i. e., operating at a profit - is not likely in the foreseeable future. One final point: Important basic financial data have been programmed into a computer model. Thus, as conditions require changes in any of the basic information, the model can be quickly revised and rerun to show the five-year results under altered conditions. This managerial tool will prove most helpful to corporate management in future financial planning.

6. Set up operating processes. Careful arrangements and operating instructions were developed and worked out with each participating railroad that was to provide services to the Corporation. Completing this work is vital to ensuring a smooth takeover on May 1. Further,

* - Rationalization here means reducing the size and cost of terminals to a level commensurate to our actual needs. Many existing terminals are excessively large, unattractive and unnecessarily costly - these must be corrected.

key management controls are being established so that after May 1, when NRPC assumes responsibility for the passenger trains, there will be the necessary mechanisms to ensure desired performance by the supplying railroads.

7. Developed marketing programs. Imperative to the success of this endeavor will be the use of innovative marketing as a means for recapturing ridership. Much time has been devoted to developing positive marketing ideas which can be applied immediately after May 1. Fortunately, NRPC is not tied to the old habits of railroad passenger marketing. Fresh ideas will be tried that hopefully will increase interest and help to renew confidence in rail travel. For example, American Airlines is working with the Corporation to assist in developing improved ticketing, reservations, baggage handling, and on-train food service. Also, on May 1, primary emphasis will be placed on running trains on time and keeping them clean. To assist in bringing this about NRPC will have passenger service representatives riding the trains to monitor performance, improve operations, and help passengers.
8. Selected the new Chief Executive Offices. Perhaps the most significant accomplishment has been attracting Mr. Roger Lewis, currently President of General Dynamics, to become the new Chief Executive Officer of NRPC. The qualifications we had established for a candidate for this position were extremely high and, as a result, our search

became both lengthy and exacting. Candidates for the other key positions are now being screened and we expect to rapidly round out our top-management team.

9. Selected a corporate name. As you know, the Incorporators decided that to provide a "fresh image" a new name had to be developed to provide a basis for promoting rail passenger services. Since Railpax was not legally available to us, after much deliberation, the Incorporators chose the name Amtrak - a nickname for American Track.

With the completion of these and other tasks the Corporation is prepared to begin operations on May 1. While it does not have a regular full management staff on board, this should be accomplished very soon. In the meantime, the ongoing task of managing the Amtrak system can be carried out by the gradually growing management staff supplemented by the external consultants who will be available until displaced by permanent staff members.

SHORT-TERM GOALS

In aiming toward its longer term goals of rebuilding public confidence, attracting more passengers and developing a reasonably viable system from an economic standpoint, the Corporation has set for itself specific short-term goals to guide activities for the first 12-18 months. In summary these goals include:

1. Completing an undisruptive takeover of intercity rail passenger service in accordance with the congressional mandate. We knew from the

beginning that this would be a monumental task to complete in four months. We also knew that any unusual confusions or disruptions during the takeover would seriously hurt the early image of the new Corporation and slow down chances of building a good foundation. Thus, every effort of the Incorporators was aimed at ensuring a smooth takeover on May 1. We believe we are now in a position to consummate such a takeover.

2. Noticeably increasing the considerateness and service orientation with which NRPC and railroad employees handle the public. These qualities of consideration and courtesy must both exist in fact and be perceived by the traveling public. An important element of our early marketing efforts will be to improve this aspect of rail passenger service.
3. Improving the quality of service that can be readily noted by the riding public. These service improvements are to be directed primarily toward on-time train performance and clean and well-maintained equipment.
4. Building an effective, aggressive management team dedicated to the long-term effort of making rail passenger service a successful operation. Further, and more specifically short-term, is the task of developing a demonstrated capability for innovative marketing and judicious investment aimed at gaining an increasing share of the travel market.

Clearly, the first year or two must be viewed as a start-up and building period. While the Corporation will aim during the first 12 to 18 months' period to operate as effectively as possible, it will be unrealistic to expect dramatic improvements or anything even close to break-even operations. Rather, the main thrust will be to steadily make progress in upgrading service, gradually rebuilding image and, as a result, attracting more passengers. This strategy will offer the best long-term opportunity to make the rail passenger system successful in terms of both public service and sound finance.

LONG-TERM PROSPECTS

We believe the operation can get off to a good start on May 1. We further believe the new organization can function for the next two to three years on current funding. The more significant question is, what are the long-term prospects for the next five to ten years?

Frankly we believe the chances are good that rail passenger service can be revitalized in the United States. There are several reasons for this optimistic outlook.

1. Single management. For the first time in this country intercity rail passenger service will be, with the exception of one or two trains, under a single management which can concentrate its full attention to this one business.
2. Increased flexibility. Unlike past experience, the new Corporation will have freedom to select and operate routes and services (after July 1973) where the markets offer the highest potential. Moreover,

the Corporation will have the flexibility to price its services in a manner consistent with sound management economics.

3. Innovative and forceful marketing. Perhaps most important, the new Corporation - unfettered by past practices - can from the outset build the marketing organization and competence that will produce aggressive and creative marketing programs. We believe such programs can surpass any recent past efforts by the railroads. Most important, we will bring into the Corporation top marketing people with proven records who have demonstrated capacity to understand passenger market needs and know how to provide services that will attract them. With these kinds of skills, we believe the Corporation can design and offer an improved product in terms of cleaner and more attractive equipment, improved on-train services, and more effective off-train services such as ticketing and reservations. All this can and should be presented to the public in a way that will create a new and more attractive image. Clearly an improved product forcefully marketed is NRPC's principal hope for returning riders to the trains.

Equally significant, the time may at last be right for the passenger train. In the highly congested areas - particularly along the East Coast - there is a growing weariness with airport delays, taxi and plane fare increases, highway congestion, and the resultant tensions of highway travel. There has also been an increased concern with the ecological problems of the automobile and the

expanding amount of land used by new highways and freeways. These conditions will likely get worse before they get better, if indeed they ever do. It is likely that by 1975 these growing economic-socio-ecological problems will help to push people back to improved intercity trains.

Finally, long-term it will be the 100-300 mile, highly congested corridors - of which there will be many* - that hold the future to NRPC. The socio-economic forces now at work suggest that in 5 years there is a good chance that the railroads could capture substantial short-haul traffic away from the airplanes. Solving the airport congestion problem means either building more airports or reducing the number of flights - and short-haul flights will be the first that the airlines give up. Look at this situation from the capital investment side. The cost of airport construction with all the necessary support services has become staggering. For example, in a recent study it was estimated that the cost of building a new major airport in the midwest would exceed \$2 billion. Compare this to another study that estimated the cost to renovate the track and roadbed between Boston and New York to permit running trains at speeds up to 125 miles per hour might cost less than \$1 billion.

* - Boston-New York, New York-Washington, New York-Buffalo, Washington-Richmond, Chicago-Detroit, Chicago-St. Louis, Chicago-Cincinnati, Chicago-Milwaukee, Philadelphia-Pittsburgh, Cleveland-Detroit, Cleveland-Pittsburgh, among others.

Thus, when evaluated in terms of the costs and benefits, both social and economic, of other alternatives, moving passengers by rail - particularly on the short-haul corridors - can be attractive. In fact, the cost to thoroughly renovate the nation's rail passenger system may not seem so large when compared to the staggering costs of other national ventures such as highways, the space program, airports, and rivers and harbors, to name a few. Viewed against this perspective, intercity rail passenger service should have a bright future.

Interstate Commerce Commission
Washington, D.C. 20423

July 13, 1971

Honorable Vance Hartke
Chairman, Surface Transportation
Subcommittee
Committee on Commerce
United States Senate
Washington, D.C. 20510

Dear Chairman Hartke:

On June 28, 1971 when Vice Chairman Hardin and Commissioners Walrath and Brown were before your Committee regarding their re-nomination to the Interstate Commerce Commission, certain questions were raised about the manner in which we dealt with Amtrak's application for authority to issue its common stock. You indicated that Chairman Stafford was to have Division 3 inform your Committee as to whether there is a special form of treatment which is given to Amtrak but not accorded to anyone else. This question, and the questions you raised about the Amtrak stock application have been referred to me as Chairman of Division 3.

Perhaps the most significant factor in this matter is the very explicit statute governing the creation of the Amtrak Corporation. In that Act--the Rail Passenger Service Act of 1970, PL91-518--Congress established a very tight timetable for creating the corporation and for the inauguration of service by the corporation; and it set out in great detail the terms and conditions for the issuance of stock and for the institution and conduct of intercity rail passenger service on the basic system.

The Commission's rules and regulations governing its administrative proceedings are designed essentially to carry out the will of Congress as set forth in the statute. In the case of Amtrak's stock application, we did not ignore our regulations or accord Amtrak preferential treatment just because it was Amtrak. All things considered, including our regulations and other matters which I shall describe, it was imperative that the Amtrak application filed April 26 be given the expedited handling we accorded it if the specifications of the statute were to be implemented. And, under the circumstances, specifically in view of the detailed specificity of the statute, there appears little room, if any at all, for speculation that the public interest and due process were not fully and adequately served by our action.

At the outset, you will recall that Title II of the Act limited the Secretary of Transportation to a 90-day period after the October 30, 1970 enactment date, for the submission to Congress of his final report designating the basic system. Within that time he was given the first 30 days to submit a preliminary report to the Commission and others for a review; that review was to be accomplished within an additional 30 days; and a final 30 days were given the Secretary to consider the comments and suggestions of the reviewers and make such revisions on the basic system as he deemed appropriate. All that brought us to the end of January 1971.

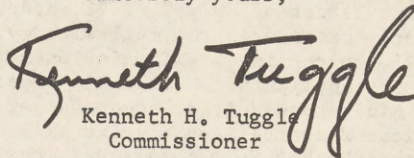
You will further recall under Title IV of the Act, dealing with the inauguration and provision of service by Amtrak, and in particular Section 401(a)(1), that "on or before May 1, 1971" Amtrak was to enter contracts with railroads relieving them of their entire responsibility for the provision of inter-city rail passenger service. And Section 401(b) directed that "on May 1, 1971, the Amtrak Corporation shall begin the provision ..." of service. Thus, in a very short span of time incorporators (a number of whom had to be confirmed by the Senate) had to be named; competent managing and operating personnel had to be retained; physical facilities had to be established; negotiations had to be conducted with the railroads throughout the country in very complex matters involving the performance of service, labor protection, etc.; and countless other tasks had to be performed in order to meet the May 1st deadline set by Congress.

The whole matter was further complicated by the vigorous efforts on the part of certain members of the Senate and the House who, up to the last minute, sought to have the statute amended and the May 1st inauguration date postponed. This Commission very closely observed the proceedings before Congress, including your Committee, in those closing days in an effort to ascertain the will of Congress up to the last minute on this sensitive matter.

When the Amtrak stock application was filed it was perfectly clear that expedited action on the part of this Commission was necessary if the passenger service Act was to be timely implemented. Moreover, in view of the detailed specificity of the Act as to the terms and conditions for the issuance of the stock (see Section 304, Financing of the Corporation, and in connection therewith, Section 305, General Powers of the Corporation and Title IV, Provision of Rail Passenger Service), this Commission's functions with regard to the stock application was primarily to see that the specifications of the Act were satisfied. We found them satisfied without question. No good purpose would have been served by our insisting upon the general notice and time provisions of our regulations. Those provisions simply could not be applied in the case of this unique transaction.

The whole plan of Congress was geared to an inauguration date of May 1, 1971 for service by Amtrak. Congress took the specific pains to include among the sanctions of Section 307 a prohibition against any action, practice, or policy inconsistent with policies and purposes of the Amtrak Act and against obstruction of or interference with any action authorized by the Act, and against the refusal, failure or neglect to discharge duties or responsibilities under the Act. It empowered the United States District Court to grant such equitable relief as may be necessary or appropriate to prevent or terminate any such violations, conduct or threats. It is our firm conviction that under the terms of the statute, (which remained unchanged despite the attacks upon them even into the 11th hour), this Commission had no alternative but to deal with the Amtrak stock application in the expedited manner that it did.

Sincerely yours,

A handwritten signature in cursive script that reads "Kenneth Tuggle". The signature is written in dark ink and is positioned above the printed name and title.

Kenneth H. Tuggle
Commissioner

cc: Naswell
7/19/71

Interstate Commerce Commission
Washington, D.C. 20423

July 20, 1971

Honorable Vance Hartke
Chairman, Surface Transportation
Subcommittee
Committee on Commerce
United States Senate
Washington, D.C. 20510

Dear Senator Hartke:

Your letter of July 9, 1971, addressed to Chairman Stafford apparently crossed in the mail with my comments to you of July 13, 1971, concerning the Commission's treatment of the Amtrak securities application. Your six questions are directed to two areas: (a) standards for adequate service on passenger trains (questions 2 and 3); and (b) Amtrak's stock issuance application in Finance Docket No. 26624 (questions 4 and 5). Addressing both those areas you ask whether Amtrak is or should be treated differently from other carriers (questions 1 and 6).

My July 13th letter dealt only with the stock issuance, because I felt that was the matter in which you had indicated the primary interest, and for which you had left open the record in the June 28th hearings. On that point, I will add only a brief note; then go on to the "adequacies" question.

It is correct that the District of Columbia -- as the jurisdiction where Amtrak was incorporated -- was served with a copy of the application. Assured that the District had no representations to make, the Commission proceeded to a decision on the application. Under the Federal Regulations service upon all States was not required, because at the time of the proceeding Amtrak was not an operating carrier. Under the terms of the statute, it did not attain that status until May 1, 1971. Considering the detailed legislative plan with its explicit deadline, as explained in my prior letter, it was our view that the statute neither contemplated nor required service of the application on the other States.

Regarding the standards of service to be prescribed under section 801 of the Amtrak legislation, we expect, very shortly, to issue an order aimed at establishing standards of adequacy for rail passenger service. We have had a task force working on this for some time; and, on safety of service, an interim order was approved April 26, 1971, in Ex Parte No. 277.

Reading your question 2 in context with the colloquy at the nomination hearings of June 28th, I assume you agree that, until the Amtrak legislation was enacted in October 1970, the I.C.C. had no jurisdiction over the standards of adequacy of passenger train service and was in no position to prescribe or enforce standards notwithstanding anything we said in the Adequacies decision, 335 I.C.C. 415, more than a year prior thereto.

In that decision of September 1969, as you know, we outlined minimal standards for all passenger trains and indicated the need for Congressional action to enable their realization. We also set forth numerous measures needed for the success of a program for up-grading service. They included, among others, a reappraisal by Congress of the divergent federal policies toward the several modes of travel (which are reflected in the unequal public support programs) -- a matter which we had addressed to Congress on June 25, 1968 in our report on Inter-city Rail Passenger Service in 1968. We also called for -- coordination among the States in exercising their jurisdiction, a Federal-State policing program, local support in the care of stations, labor cooperation in matters of efficient operation and treatment of patrons, etc., hoping to make it clear that it was not merely a matter of setting standards and deferring for all positive steps to the carriers.

By the Act of October 30, 1970, the I.C.C. was assigned the function of prescribing standards for intercity passenger trains only. As to all other passenger trains, the jurisdiction over adequacy of service remains unchanged. Moreover, the Act of 1970 is absolutely silent as to enforcement of the standards once they are prescribed. It is thus evident that the jurisdiction accorded us in section 801 pertains almost completely to the service which Amtrak is obligated to provide.

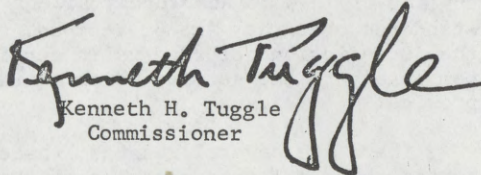
There are several reasons, therefore, why any proceeding toward the final determination of the standards should involve a meaningful participation by Amtrak. One is basic equity and fairness. Another, the requirements of the Administrative Procedure Act. Congress has spelled out the duties of Amtrak and the means by which Amtrak is to operate; it has called upon Amtrak to provide an improved service; and Amtrak officials have indicated to you their firm resolve to carry out your expressed will. Upon the prescription of standards by this Commission, Amtrak will be the principal ultimately responsible for their implementation. We felt it wholly fitting, therefore, that Amtrak, after getting its feet on the ground, should be heard in this matter.

For 6 of the 8 months you mention, the basic system was being devised, the requirements for service thereon were being developed by the Secretary of Transportation, and Amtrak was being organized. In the other 2 months, Amtrak was busily engaged in start-up operations. Obviously, any attempt by the I.C.C. to promulgate service standards during that period would have been premature. Now at least, we will have some basis in experience for a decision.

As noted in my prior comments on the Amtrak stock application, Amtrak's status is unique. You have given it powers which, in effect, amount to self-regulation in numerous areas wherein the I.C.C. regulates other carriers, e.g., rates, abandonment of service, routing, extension of service, etc. Thus, by virtue of the Amtrak statute itself, Amtrak must be treated differently from other carriers. The Commission in exercising its circumscribed jurisdiction over that quasi-public entity must be careful neither to trench upon those areas from which Congress, in its wisdom, exempted Amtrak nor place technical obstacles in the way of Amtrak's efforts to implement the Congressional will. The Congress was fully aware of the myriad of problems in the rail passenger field and designed a statute attempting to surmount these difficulties. The Commission must act to carry out this intention within the framework of the law.

The Commission stands ready to answer any further questions you may have.

Sincerely yours,


Kenneth H. Tuggle
Commissioner

NATIONAL ASSOCIATION OF MOTOR BUS OWNERS,
Washington, D.C., April 19, 1971.

HON. WARREN G. MAGNUSON,
Chairman, Senate Commerce Committee,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: As you know, railroad and airline passenger schedules are being reduced as a result of legislation, administrative action, or managerial decisions. The nation's intercity bus companies want the Congress to know they are prepared to step in and provide reliable and economical service to replace the service of other modes which is discontinued.

As you and your Committee are aware, when the new National Railroad Passenger Corporation (Railpax) begins operating the Basic National Rail Passenger System designated by the Secretary of Transportation, only 114 cities will have railroad passenger train service. Coincidentally, the domestic airlines are engaging in discussions looking toward multi-carrier agreements calling for selective capacity reductions.

But at the same time, the 450 bus operator members of our Association are providing low-cost, essential and safe transportation service to 17,000 communities. For at least 15,000 of those communities, buses are the sole public ground transportation available. Buses are thus the only public transportation service available to many remotely located or infrequent passengers. For many small communities bus package express is the only freight service available.

Along with convenience, reliability and flexibility, we offer the most economical service to the public and without the benefit of any subsidy. Consider, for instance, New York to Washington, D.C. The bus fare is just \$11.20 one way, non-stop. A coach ticket on the Metroliner costs \$17.00, a parlor car seat \$27.40. The air shuttle fare is \$27.00. The same general pattern prevails nationwide.

President Nixon stressed the need for balance in our public transportation when he said last month, in proclaiming National Transportation Week, that "we will need a truly balanced transportation system—a system that provides our citizens with the ability to choose the most efficient means of transportation at the least possible cost to themselves and to the environment."

We hope these considerations of available and viable bus service will be given weight by the Committee in its upcoming hearings on the basic railroad passenger train network. Where little-used trains are among those proposed to be discontinued and where alternate bus service is or can be made available, Railpax should not be required to engage in deficit operations. Similarly, in the future, if it is found that particular trains are not economically viable, Railpax should be permitted to discontinue them and to contract for substitute bus service.

Intercity bus operators seek no monopoly or subsidy from the government. Rather than force continuation of highly uneconomic trains serving only one or two busloads of people, Railpax and the Congress should encourage the bus to do what it does best—carry a busload of passengers.

Sincerely yours,

CHARLES A. WEBB.

NATIONAL RAILROAD PASSENGER CORPORATION,
Washington, D.C., June 7, 1971.

MR. ROGER LEWIS,
President,

National Railroad Passenger Corporation.

DEAR MR. LEWIS: You have asked me to comment on the portions of a letter dated May 12, 1971, from Senator Magnuson and Congressman Staggers to you relating to the start-up costs of AMTRAK, and to certain aspects of its contracts with the railroads.

It is difficult to evaluate the comment of the May 12 letter regarding expenditures for press relations. Obviously, starting from scratch on January 1, 1961, with a mandate to be in full operation four months later, AMTRAK's public image and public relations as a consumer related enterprise were of critical importance. The achievement of three objectives in this short period of time was vital. *First*, informing the public what Railpax (as it was then known) was and what it proposed to do. *Second*, meeting with groups of members of the Senate and House from every section of the country to keep them informed. *Third*,

convincing the public and members of the Senate and House of the urgent necessity for a sharp reduction in passenger train service initially. Obviously, the shortness of time required the use of public relations firms. It is impossible to appraise with any precision, at this early date, to what extent expenditures in this area will pay off but a substantial contribution is clear, in any judgment.

I can speak with more precision about the legal expense component of the start-up costs to May 1. Our original estimate for this purpose of \$800 thousand was later revised to \$600 thousand and was held in fact to approximately \$500 thousand. This represented approximately 8,500 hours of work, which are the equivalent of more than 20 lawyers working full time from January 1 to May 1. (The total payment for legal expenses works out to an average hourly rate of compensation well within the ranges of fees approved by courts in various types of proceedings.)

The Incorporators recognized at the outset of their work that they were faced by the well-equipped legal staffs of more than 20 railroads whose personnel had had a head start of several months in analyzing from their standpoint the contractual and other legal problems presented by the National Rail Passenger Act. They saw the necessity for assembling immediately a legal group competent to deal successfully with the much larger and better prepared legal manpower available to the railroads. It was clearly impossible to accomplish this in the time available by employing individuals one by one; nor could any one law firm, even the largest, be expected to provide the quantity of personnel nor the diversified expertise required. Consequently, the Incorporators resorted to a consortium of a number of the country's most eminent law firms, with due regard to the avoidance of conflict of interest.

Many legal problems faced the Incorporators at the outset, which required extensive legal work. Of these, three were, however, of overriding importance:

First, to secure by contract with the railroads assurance that they would provide the necessary equipment and facilities to continue that portion of the then existing passenger service which AMTRAK decided to operate, and to secure these contractual rights as a condition of the contracts discharging the railroads on May 1 from their own obligation to provide passenger service, as permitted and required by Section 401 of the Act. We concluded at the outset, based on unanimous legal advice and our own knowledge, that the Corporation must secure contractual rights to the necessary services. If recourse to the Interstate Commerce Commission for orders under Section 402 of the Act had been necessary on a broad scale to secure such services, the necessary delays and appeals might have resulted in a chaotic operating condition which might have threatened the enterprise. AMTRAK's right to make it a condition of relieving the railroads from their passenger service obligation, that they assume obligations to AMTRAK to provide the required services, was seriously challenged by the railroads from the outset as contrary to the terms of the Act. The entire negotiation was carried on in parallel to the preparation by the railroads of a suit (which was fortunately never brought) to compel AMTRAK to excuse the railroads from their passenger service obligation under Section 401 of the Act without contemporaneous contracts for passenger service under Section 402 of the Act.

Second, in view of the initial limited financing of AMTRAK, compared with the losses being incurred by the railroads in providing passenger service, we thought it essential to establish, at least for an initial period (ultimately agreed upon as two years and two months from May 1, 1971, i.e. until July 1, 1973) a firm basis of compensating the railroads for their services on a basis not exceeding their avoidable costs of performing these services. This may be broadly equated to their cash cost of those operations, without fee and without return on investment. Again, this position was seriously challenged by the railroads both as contrary to the Act and as a denial of their constitutional rights. The opinion of Judge Fullam finally approving the execution of the Penn Central contract with AMTRAK clearly indicates the serious consideration that he gave to this argument. The possibility that the Interstate Commerce Commission might adopt the railroads' view was a further reason for insisting on negotiated contracts, rather than relying on its orders, for the initial operation of the system.

Third, in view of the obvious contemplation of the Act that at some point AMTRAK would engage in long-term financing by issuance of preferred stock or long-term indebtedness, we thought it essential that the rights secured by the initial contracts should have sufficient duration to make this possible. We therefore negotiated for 10-year contracts for service and 25-year rights to use trackage.

All three of these objectives, and a number of others, were accomplished in the negotiation, which resulted in contracts that were in my opinion the best that could reasonably have been obtained. They gave AMTRAK a contractual assurance of such service as it might require for a period of ten years with adequate flexibility to permit modification as needed within the physical capability of the railroad, or to permit the substitution of AMTRAK's own equipment or personnel. They gave AMTRAK an assurance of the use of needed tracks and facilities for a period of twenty-five years. And for a period of two years and two months, they excluded any fee (which, even at 1% of the total estimated annual operating costs of more than \$200 million, would have exceeded during this period AMTRAK's total start-up costs) and excluded any return on investment (which, at the judicially recognized figure of 4-6% would annually during this same period have exceeded total start-up costs by a number of times).

To get these assurances, this flexibility and this saving, it was necessary to contract in general terms, with the back-stop of a contract for the speedy arbitration of disputes which provides for monetary awards in proper cases for any breach of contract. In this contract, so different from the precisely defined parameters of the Penn Central demonstration contract covering the Metroliners to which the May 14 letter refers, any precise dollar penalties for defined breaches of contract comparable to those in that experimental contract would have been impossible to negotiate or to administer, and would have been wholly inappropriate.

The successful conduct of these negotiations was largely the work of our lawyers, ably assisted by our accountants and our other consulting firms. In my considered judgment, the investment in these services paid for itself many times over.

Because of the very nature of the operation with railroad and many other problems, lawyers services will be necessary for the foreseeable future, and we are actively seeking a General Counsel and supporting staff and hope to have this area taken care of shortly.

Sincerely yours,

DAVID W. KENDALL.

NATIONAL RAILROAD PASSENGER CORPORATION.

Washington, D.C., June 10, 1971.

HON. WARREN G. MAGNUSON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MAGNUSON: I have received your letter of May 12, which was also signed by Congressman Staggers, Chairman of the House Committee on Interstate and Foreign Commerce.

I have only the deepest regret, of course, that you and Chairman Staggers indicate that you are not happy with the manner in which the affairs of the National Railroad Passenger Corporation have been conducted to date.

The Corporation has, as you know, initiated one new service—viz, the southern Montana service serving Yellowstone Park—and will, with the opening of college this fall, initiate an eastern special equipment test with low cost self-propelled diesel cars, through the Appalachian development regions of western Maryland and northern West Virginia. Both of these services are to be operated for a limited period of time on a use-it or lose-it basis. The Corporation is also trying to work out services between the United States and Canada and the United States and Mexico under section 403(b) of the Act. The Corporation is also studying other possible additional services and making estimates of the cost of such services. I can assure you that as these studies and cost estimates

become finalized, they will be furnished to your Committee. Our operating, marketing and management consultants were directed some time ago to study the costs of continuing to operate all passenger train service in operation prior to May 1, and alternatively to study the costs and potential of running at least some service on all of the alternate routes suggested for possible service by the Secretary of Transportation in his Final Report of January 28. This material was developed for the record in both the Senate and House Committees.

Needless to say, we would cooperate to the fullest in any further study stipulated by S.J. Res. 92. If, indeed, more detail is needed for any specific route, we will do our utmost to develop it. It should be borne in mind, however, that—except for the Northeast Corridor Project, where mathematical models are being developed—projections of passenger train potential are not scientifically precise, and can only be gauged by a judgmental analysis of aggregate data, such as population and past ridership, including that of competing modes. Weighing these factors one against another can be arbitrary, but there is no better way.

Your letter also makes the point that you are not at all satisfied with the information you have received thus far about start-up costs for the Corporation. We have provided the Commerce Committees with our most up-to-date information on these costs, and are also including such information as an attachment to this letter. As we develop further reports, we shall make them available without delay. Our books are open.

Because of your keen interest in the matter of costs up to May 1 start-up date, I requested Mr. Kendall, who was one of the Incorporators and also the Chairman of the Board of Directors from the incorporation to May 1, to give me a report on what transpired. He had first-hand knowledge of these matters, and I am enclosing his report to me for your information.

Actually, we were able to bring the Corporation up to the May 1 start-up date with an expenditure figure below that of our own tentative budget. To do so required the use of considerable amounts of outside talent, whose services we contracted for from very reputable firms.

At the time the Incorporators were appointed and confirmed, in late December 1970, they were faced with all the tasks—most of which required special expertise and disciplines—necessary to commence operations on May 1, 1971, as specified in the Act. It was concluded that the only way to obtain the required talent in the short time frame permitted by the Act was to retain the firms outlined in the data previously submitted to you. In addition, it was felt that much of the start-up work would be of a one-time nature, and we did not want to hire people whom we would be required to discharge after the start-up work was completed. We are now actively engaged in hiring the permanent personnel for the ongoing operations phase of the Corporation's activities. Fees for outside law firms have for all practical purposes come to an end. It may be expected that fees paid to outside firms for other contracted work will now begin to decline, although special projects may require a task-force approach that is best augmented, at least, with contracted talent.

In this connection, I should also note that legal and public-relations expenses may seem substantial, but we feel they have been reasonable under the circumstances. The Corporation has faced a series of extremely complex legal problems that required the highest caliber of legal talent and a lot of it. Similarly, the Act broadly construed argues advisedly for an intensive effort in public relations. As the Corporation is defined in the Act, we are to be a marketing-oriented company or we will risk failure. Public knowledge of our operations is crucial. And on the most practical level, I am sure you know the importance of full communications with all those affected by a change. All this certainly does not mean that money should be waste, and your injunction to take the attitude of "bargain hunter" is well advised. We feel we have done quite well in this regard, and a number of railroads will certainly bear testimony to this. However, there's always room for more improvement, and we have every incentive to keep our paring knives sharp.

With kind regards,

Sincerely,

ROGER LEWIS,
President.

Enclosures

NATIONAL RAILROAD PASSENGER CORPORATION—STATEMENT OF ORGANIZATION AND START-UP COSTS FOR THE
PERIOD DEC. 22, 1970 TO APR. 30, 1971, REPRESENTING BILLIONS TO MAY 25, 1971

Type of expense	Budget Dec. 22– May 1	Actual billings to May 25, 1971
Salaries, travel and related expense:		
Directors/incorporators	\$200,000	\$158,627
Other personnel	40,000	48,702
Total salaries, travel and related expense	240,000	207,329
Consultants and support:		
Technical and management (see app. A for breakdown)	2,219,000	1,798,292
Legal fees (see app. B for breakdown)	600,000	531,849
Marketing and public relations (see app. C for breakdown)	485,000	441,089
Total consultants and support	3,304,000	2,771,230
General and administrative expense:		
Office furniture and equipment	50,000	25,051
Office rent and leasehold improvements	35,000	44,691
Supplies, telephone and related expenses	60,000	54,113
Incorporation filing fees	30,000	25,372
Total general and administrative expense	175,000	149,227
Nonearmarked funds	281,000	0
Total start-up expenses	4,000,000	3,127,786

SUMMARY OF AMOUNT BUDGETED, EXPENDED, AND ESTIMATE BILLINGS TO BE RECEIVED—FOR BUDGETED
PERIOD DEC. 22, 1970–MAY 1, 1971

Total budgeted	\$4,000,000
Total billings through May 25	3,127,786
Billings to be received:	
Arthur Young and Co.	40,000
American Airlines	90,000
Parsons Brinkerhoff-Gibbs & Hill	4,000
Harshe-Rotman & Druck	40,000
Special inaugural activities	60,000
Total	234,000
Total estimated expenditures for period Dec. 22, 1970 to May 1, 1971	3,361,786
Amount budgeted but not expended	638,214

APPENDIX A
TECHNICAL AND MANAGEMENT CONSULTANTS

Name and nature of service	Budget Dec. 22–May 1	Actual billings to May 25, 1971
McKinsey & Co., management support	\$691,000	\$681,739
Arthur Andersen & Co., accounting systems and railroad audits	500,000	461,305
Arthur Young & Co., railroad audits	80,000	35,549
Heidrick & Struggles, executive recruitment	150,000	144,164
Ward Howell & Associates, executive recruitment	200,000	154,138
Louis T. Klauder & Associates, survey of railroad equipment	410,000	291,818
American Airlines, study of reservations and ticketing, food service and baggage handling improvements	138,000	21,000
Parsons Brinkerhoff-Gibbs & Hill, survey of railroad equipment	40,000	5,775
Miscellaneous technical and management consultants	10,000	2,804
Total, technical and management consultants	2,219,000	1,798,292

APPENDIX B
SUMMARY OF LEGAL BILLS

Firm	Total number of hours	Legal services	Expenses	Total	From—	To—
Davis, Polk & Wardwell, 1 Chase Manhattan Plaza, New York, N.Y.	87.40	\$2,100.00	\$158.79	\$2,258.79	Jan. 1, 1971	-----
DeBevoise, Plimpton, Lyons & Gates, 320 Park Ave., New York, N.Y.	453.00	23,000.00	1,162.40	24,162.40	Dec. 30, 1970	Apr. 30, 1971
Hamel, Morgan, Park & Saunders, 888 17th St. NW, Washington, D.C.	601.75	33,241.25	480.78	33,722.03	Jan. 6, 1971	Do.
Hogan & Hartson, 815 Connecticut Ave., Washington, D.C.	289.25	17,161.25	1,050.65	18,211.90	Apr. 12, 1971	Do.
Jones, Day, Cockley & Reavis, 1750 Union Commerce Bldg., Cleveland, Ohio	3,371.25	194,954.78	18,383.44	213,338.22	Jan. 1, 1971	-----
Kelley, Drye, Warren, Clark, Carr & Ellis, 350 Park Ave., New York, N.Y.	457.00	25,098.50	2,606.60	27,705.10	Jan. 6, 1971	Mar. 15, 1971
Leibman, Williams, Bennett, Baird & Minow, 1 First National Plaza, suite 3200, Chicago, Ill.	1,318.25	72,796.25	6,251.98	79,048.23	Jan. 1, 1971	Mar. 30, 1971
Lord, Day & Lord, 25 Broadway, New York, New York 10004	377.00	30,150.00	1,632.69	31,782.69	Jan. 4, 1971	Apr. 30, 1971
Morris, Nichols, Arshat & Tunnell, P.O. Box 1347, 3000 DuPont Building, Wilmington, Delaware 19899	25.50	1,850.00	21.45	1,871.45	-----	-----
Royall, Koegel & Wells, 1730 K Street, N.W., Washington, D.C. 20006	41.00	3,895.00	44.20	3,939.20	Jan. 6, 1971	Apr. 15, 1971
Simpson, Thacher & Bartlett, One Battery Park Plaza, New York, New York 10004	593.00	31,082.50	768.73	31,851.23	-----do-----	May 1, 1971
Vorvys, Sater, Seymour & Pease, 52 East Gay Street, Columbus, Ohio 43215	36.00	2,700.00	694.68	3,394.68	Jan. 12, 1971	Mar. 15, 1971
White & Case, 14 Wall Street, New York, New York 10005	48.30	4,200.00	230.49	4,430.49	Jan. 5, 1971	Apr. 30, 1971
Winston, Strawn, Smith & Patterson, One First National Plaza, Chicago, Illinois 60670	812.00	55,255.00	877.09	56,132.09	Jan. 6, 1971	Apr. 30, 1971
Subtotal through May 1, 1971	8,510.70	497,484.53	34,363.97	531,848.50	-----	-----

APPENDIX C
MARKETING AND PUBLIC RELATIONS SERVICES

Name	Nature of service	Budget estimate to May 1	Actual billings to May 25, 1971
Lippencott & Margulies	Corporate identification	\$125,000	¹ \$229,436
Harsho-Rotman & Druck	Public relations	105,000	102,097
Railway Guide	Amtrak timetable	25,000	33,175
Ted Bates	Advertising	100,000	48,398
Robert R. Mullen & Co.	Congressional relations	20,000	15,606
Miscellaneous marketing and public relations service: Special activities to inaugurate Amtrak service	Expenses of inaugurating Amtrak service	10,000 100,000	3,400 8,977
Total		485,000	441,089

¹ Billings being reviewed to determine cause of cost overrun.

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS,
Washington, D.C., August 23, 1971.

HON. VANCE HARTKE,
Senate Committee on Commerce,
Senate Office Building, Washington, D.C.

DEAR SENATOR HARTKE: I have read with interest and concern the letter of July 13 to you from the Penn Central trustees, in which they suggest that the Interstate Commerce Commission be directed by the Congress to rule prior to December 31, 1971 that AMTRAK's compensation to Penn Central be increased by \$34.1 million in 1972.

The trustees argue first that the passenger portion of expenses in the Washington-New York corridor which are "common" to both passenger and freight service be included in the amount owing from AMTRAK. In support of this position, the trustees contend that unlike the usual situation, passenger service is the "principal service" in the Northeast Corridor, with freight service the "by-product."

In our view, this is a grossly misleading picture of Penn Central operations between New York and Washington. The railroad handles an enormous amount of freight on this route. Between Washington and Perryville, Maryland, and between Newark and Trenton, freight traffic density is among the heaviest in the nation. Were passenger service discontinued, the freight traffic undoubtedly would require continued maintenance of a heavy, double-track main line the entire distance, with at least some portions signalled for reverse movements. In short, neither freight nor passenger service in the Northeast Corridor can be considered principal or by-product—both produce large volume and both are equally vital to the public. Moreover, the ICC has now ruled that the "200" series trains between New York and Philadelphia are *not* intercity passenger trains. Accordingly, the fixed plant that Penn Central would have to maintain between New York and Philadelphia in the absence of AMTRAK would have to be sufficient for these passenger trains as well as the freight service.

Regardless of the "principal-by-product" dispute, the automatic inclusion of the passenger share of the "common" expenses cannot be justified. The AMTRAK law is clear that the upper limit of compensation paid by AMTRAK to railroads should be the *avoidable or incremental* expenses incurred by railroads, either in the provision of intercity passenger service for AMTRAK, or on account of the operation of intercity passenger trains by AMTRAK. The law does not contemplate that railroads should receive windfall benefits over and above the savings that could be attained had they simply been allowed to discontinue all intercity passenger trains.

Penn Central should have the burden of identifying and proving each such item of savable expense. If past experience is any guide, it will be unable to justify anywhere near \$34 million increased compensation from AMTRAK. In the 34 train discontinuance case before the ICC in 1970, Penn Central's avoidable cost presentation contained numerous errors and deficiencies, resulting in substantial overstatements of indeterminable amounts.

The trustees also claim that Penn Central is entitled to a "return" on its investment in passenger facilities. We believe that any amounts in this category must be limited to the return on the salvage value of property now tied up in passenger service, which could be used elsewhere and/or disposed of if that service was discontinued. See Chapter 9, *Investigation of Costs of Intercity Rail Passenger Service, Interstate Commerce Commission*, July 1969.

The primary purpose of the AMTRAK law was to revitalize passenger service, not to bail out Penn Central or any other railroad. If this intention of the Congress is to be upheld, any request of Penn Central for more AMTRAK compensation must be denied unless and until the trustees can prove their claim in the manner in which we have outlined. AMTRAK must not become a vehicle for back-door subsidies to the Penn Central at the expense of the travelling public.

Very truly yours,

ANTHONY HASWELL, *Chairman.*

